

The Global newspaper
of Paris
Published simultaneously
in Paris, London, Zurich,
Hong Kong, Singapore,
The Hague and Marseille

WEATHER DATA APPEAR ON PAGE 22

No. 31,513

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

LONDON, THURSDAY, JUNE 14, 1984

Algeria	4,000 Dz.	Iceland	15,100 Harvey	4,000 N.L.
Austria	10,500 Dz.	Ireland	1,200 Lee Ocean	2,000 P.R.C.
Bahrain	6,000 Dz.	Jordan	450 Fib.	Portugal
Bulgaria	20,000 Dz.	Kyrgyz	500	Qatar
Canada	6,000 Dz.	Kuwait	500	R.P. of Ireland
Cambodia	450 Mills	Lebanon	100	Saudi Arabia
Chile	7,000 Dz.	Liberia	1,000	Spain
Egypt	100 P.	Liberia	1,000	Turkey
Finland	6,000 Dz.	Lesotho	10,000	U.S.A.
France	220 D.M.	Madagascar	20 Cents	U.S.S.R.
Greece	45 P.	Morocco	30 Cents	U.S.S.R.
Hong Kong	70 Dz.	Nepal	1,200 Dz.	U.A.E.
Iraq	115 Bok.	Nigeria	170 K.	Yugoslavia

ESTABLISHED 1887

Britain and China Form Panel to Draft Pact on Hong Kong

By Michael Parks
Los Angeles Times Service

BEIJING — Britain and China established a committee Wednesday to draft the agreement that will return the British crown colony of Hong Kong to China in 1997.

The move will intensify the Chinese-British negotiations on Hong Kong's future and appears to mark their final phase, determining the details and language of the agreement. China has said it wants the document published by the end of September.

The official statement, which as usual, described the latest round of talks as "useful and constructive," provided few clues on what has already been agreed. However, it was clearly enough to warrant the full-time drafting effort that now begins.

A Chinese-British press statement said: "It was agreed to establish a working group to consider documents submitted by the two sides in pursuit of their objective of reaching an agreement as soon as possible on the question of Hong Kong."

To Western diplomats who have been following the talks closely since they began to late 1982, this meant that the two sides were exchanging drafts of the agreement and discussing how to incorporate the points that have been settled.

Although British lawyers hold that a formal treaty, approved by Parliament and signed by Queen Elizabeth II, will be necessary to return those portions of Hong Kong held "in perpetuity" under 19th-century treaties with China, this agreement may be a more broadly worded commitment, a statement of principles by each side, pending conclusion of something more formal.

The statement said that London was sending the Foreign Office's Assistant Undersecretary for Asian Affairs, David Wilson, and other specialists for the talks. This seemed to indicate an upgrading of the negotiations, which have been conducted by the British ambassador.

Chinese officials said "that the move did not represent a political breakthrough in the usual sense because, as one put it, 'There really has been no deadlock to break for almost a year now.'

"This is more a matter of cumulative progress than can now be

refined, elaborated and, in the end, written down," he added. "We are getting close."

China continues to assure Hong Kong's 5.5 million people that they can keep their free enterprise economy and equally open social system for at least 50 years and that they will enjoy political autonomy from Beijing.

But the constitution that will provide the legal basis for this "special administrative region" has not been drafted, and many important elements of this "one nation, two systems" remain uncertain.

London has said that it wants to get as many assurances in writing as possible about what happens after 1997 for that is the only way that many, if not most, people in Hong Kong will accept China's takeover of the colony.

But Britain's only leverage is its willingness to ease the transition to Chinese rule, since it has been clear for more than a year that it will return the territory to China. The preparations for the transition too will probably be written into the agreement that is now being drafted.

The monthly magazine *China Reconstructs*, in its current issue, acknowledges with unusual candor as "quite understandable" the worry in Hong Kong that Beijing's policies will change, as they have frequently in the past.

It then adds: "A closer look at China's present realities will show that her policies are increasingly stable and her policy of opening to the world will not change, for these are not expedient measures but concern the success or failure of her prospects for socialist modernization."

If the court accepts the Creusot-Loire proposal and approves a receiver, the move could lead to the

liquidation of the company's assets. Such a move would present "major risks for the national economy," Industry Minister Laurent Fabius told the National Assembly Wednesday.

Besides the direct impact on jobs, the government fears that liquidation would be a major blow to the government's efforts to lift business confidence.

Mr. Pineau-Valencienne said he was proceeding with bankruptcy proceedings for two reasons: He said the government had repeatedly refused to accept his rescue plan submitted several months ago, and, secondly, the company had decided that government financing proposals made in the past several days were "exorbitant and illegal."

The announcement quickly became a national political controversy, as Mr. Fabius firmly denied

that the government was trying to nationalize the company through a complicated government rescue proposal.

Didier Pineau-Valencienne, the chairman of both Creusot-Loire and its holding company, Empain-Schneider, asserted that the government plan was aimed at nationalizing both Creusot-Loire and Empain-Schneider.

Mr. Pineau-Valencienne said he was proceeding with bankruptcy proceedings for two reasons: He said the government had repeatedly refused to accept his rescue plan submitted several months ago, and, secondly, the company had decided that government financing proposals made in the past several days were "exorbitant and illegal."

Creusot-Loire had about 12 billion francs (about \$1.4 billion at current exchange rates) in sales last year, and an operating loss of 1.1 billion francs.

new, government-backed financing, which would involve converting previous negotiated loans into capital stock, and about 50 million francs in annual government subsidies to the company's steel affiliates.

Mr. Pineau-Valencienne said that neither Creusot-Loire, nor the Empain-Schneider group, had the funds that the government insisted be provided by shareholders.

"The government asked that we [shareholders] provide 800 million francs, or accept a loan of 500 million francs, but this would not change anything," he said.

Creusot-Loire had about 12 billion francs (about \$1.4 billion at current exchange rates) in sales last year, and an operating loss of 1.1 billion francs.

in line with the policy of the North Atlantic Treaty Organization if the Soviet Union increases its arsenal of SS-20 rockets. It will also take a share of NATO missiles if East and West reach an accord limiting these weapons.

It will delay a go-ahead for the deployment until November next year.

About seven members of the Christian Democrats, partners in coalition with the Liberals, were likely to vote to amend the plan.

Christian Democrats said after private meetings of parliamentary parties shortly before the debate, another three were uncertain.

The coalition holds 79 of 150 seats in parliament, but one liberal was expected to be absent due to illness.

The cabinet should get the support of most of the six members of small rightist parties. If all three who are wavering vote against it, this may be insufficient for a majority.

If parliament seriously amended the proposal, thrashed out after weeks of cabinet argument, the government's survival would probably depend on either parliament or ministers backing down. The other three were uncertain.

The government had said it would resign if a majority voted against the cabinet's plan for the deployment of the new cruise missiles. Such a development would indefinitely postpone prospects of stationing the missiles in the Netherlands.

If parliament seriously amended the proposal, thrashed out after weeks of cabinet argument, the government's survival would probably depend on either parliament or ministers backing down. The other three were uncertain.

At the end of a first day of debate on Tuesday, Prime Minister Ruud Lubbers said the cabinet could not accept any amendments.

"Each change makes our decision unbalanced and unjustifiable," he said.

The proposal says the Netherlands will deploy 48 cruise missiles

(Continued on Page 2, Col. 7)



A HOMAGE TO BERLINGUER — Clinched fists salute the hearse carrying the coffin of Enrico Berlinguer, the Italian Communist Party leader who died Monday.

An estimated one million Italians turned out Wednesday in Rome for the ceremony. Communist leaders and dignitaries from 35 countries assembled for the funeral.

France's Creusot-Loire Files for Bankruptcy

By Axel Krause
International Herald Tribune

PARIS — Creusot-Loire, France's largest privately owned engineering and steel company, filed for bankruptcy Wednesday after shareholders had rejected a government financing plan.

The move was viewed as a direct threat to the Socialist government's policy of combating France's rising unemployment rate, which is approaching a post-war record of 2.5 million, or about 9.9 percent, of the work force.

Creusot-Loire employs about 23,000 people, while an additional 23,000 work for company subcontractors.

If the court accepts the Creusot-Loire proposal and appoints a receiver, the move could lead to the

liquidation of the company's assets. Such a move would present "major risks for the national economy," Industry Minister Laurent Fabius told the National Assembly Wednesday.

Besides the direct impact on jobs, the government fears that liquidation would be a major blow to the government's efforts to lift business confidence.

It was unclear as to which business groups might buy up any liquidated Creusot-Loire assets. The company's announcement triggered widespread reports that state-owned companies and banks were prepared to buy up some of the assets, most in France's hard-hitting industry sector.

The announcement quickly became a national political controversy, as Mr. Fabius firmly denied

that the government was trying to nationalize the company through a complicated government rescue proposal.

Didier Pineau-Valencienne, the chairman of both Creusot-Loire and its holding company, Empain-Schneider, asserted that the government plan was aimed at nationalizing both Creusot-Loire and Empain-Schneider.

Mr. Pineau-Valencienne said he was proceeding with bankruptcy proceedings for two reasons: He said the government had repeatedly refused to accept his rescue plan submitted several months ago, and, secondly, the company had decided that government financing proposals made in the past several days were "exorbitant and illegal."

The company called for intervention, as Mr. Fabius firmly denied

new, government-backed financing, which would involve converting previous negotiated loans into capital stock, and about 50 million francs in annual government subsidies to the company's steel affiliates.

Mr. Pineau-Valencienne said that neither Creusot-Loire, nor the Empain-Schneider group, had the funds that the government insisted be provided by shareholders.

"The government asked that we [shareholders] provide 800 million francs, or accept a loan of 500 million francs, but this would not change anything," he said.

Creusot-Loire had about 12 billion francs (about \$1.4 billion at current exchange rates) in sales last year, and an operating loss of 1.1 billion francs.

Reagan Faces Pressure From Congress to Call Summit Talks With Moscow

By Hedrick Smith
New York Times Service

WASHINGTON — For months, President Ronald Reagan has kept the issue of arms control largely on the political sidelines by arguing that it was the Soviet Union that walked out of the nuclear arms negotiations last November and is still blocking their resumption.

But suddenly, with Mr. Reagan just back from Europe and Democrats no longer preoccupied with presidential primaries, it is apparent that he will have more trouble in fending off pressure from both Republicans and Democrats for some move to break out of the diplomatic stalemate with Moscow.

In an election year, Democrats sense Mr.

Reagan's political vulnerability on arms control, and some Republicans worry that they, too, could be hurt if the White House does not appear conciliatory enough. Beyond that, politicians of both parties fear growing unease at the lack of some top-level contacts to reduce the risks of confrontation with the Kremlin.

An important political symptom of growing impatience came in a commencement address at Dartmouth College on Sunday by Howard B. Baker Jr., of Tennessee, the Senate majority leader, who called for a Soviet-American summit meeting this year or next. "Direct, regular, genuine, face-to-face, give-and-take" communications between the two most powerful people on Earth is an imperative of our politics," he said.

The administration has declined to engage in any summit encounter unless the

meeting is well prepared and holds sure promise of success.

A White House spokesman, reading a statement after Mr. Reagan's meeting with the senators, said, "Setting a fixed schedule for summit meetings would not in and of itself solve the very real substantive problems existing between our two countries."

"The problem is not our unwillingness to meet with the Soviets," he said, "but the Soviets' refusal to meet with us in the arms-reduction talks."

In a parallel development, the Senate debated, behind closed doors, a move by Democrats and some Republican moderates to link money for research of U.S. anti-satellite weapons to a requirement that Mr. Reagan make an immediate effort to open negotiations with Moscow on banning or

imposing strict limits on such tests in the future.

Moreover, the debate is expected to broaden to other arms control issues as the Senate takes up other provisions of the military authorization bill and the Democratic Party's platform committee works through foreign policy issues to a separate forum.

Democrats such as Senator Sam Nunn of Georgia assert that most of the major amendments that have been proposed as curbing development of anti-satellite weapons, reducing planned deployment of MX missiles, limiting Mr. Reagan's request for financing research on a strategic defense system and a resolution endorsing

(Continued on Page 2, Col. 2)

Britain's Pubs Fall on Hard Times; U.S.-Style Refreshment Takes Hold

By Jon Nordheimer
New York Times Service

SHEFFIELD, England — The British pub, whose praises are sung in legend, song and tourist guidebooks, has fallen on hard times.

Changing tastes and the grip of recession are forcing British breweries that own about 50,000 of the 76,000 public houses and hotel bars throughout Britain to redefine what a pub is.

Behind their counter is a dismaying statistic: Since 1979, beer sales have slumped by 12 percent, and an increasing share is now consumed at home out of a can rather than drawn from taps in a pub.

Market researchers are discovering that a growing number of Britons prefer U.S.-style bars and restaurants and fast-food outlets over the typical pub for their food and drink.

While alcohol consumption has doubled since the 1950s and there is concern over a rise in drink-related health and social problems, young people are turning away from traditional ales and dark beers toward lager, the lighter brews that dominate the U.S. beer industry. Lager sales now account for 35 percent of the British market.

Young Britons are also rapidly adapting U.S. tastes for hamburgers instead of "pub grub" like cold pork pies, steak and kidney pies and "bangers and mash" — sausages with whipped potatoes.

Sales of wine, which in the past was restricted by taste and price to the upper classes, have skyrocketed as European Community membership has

forced the British to lower tariffs on inexpensive table wines from Europe. Sales of light wines have quadrupled in 12 years.

Pub operators are now clamoring for changes in the strict British licensing laws that limit pubs to fewer than 10 hours of business six days a week and five on Sunday. Although times may vary locally, basically, pubs can open only at luncheon time and to the evening, closing by 10:30 or 11 P.M.

Pub, urban and rural, have traditionally been a place in which people from all walks of life could lift a pint in good cheer. The idealized pub or village inn still exists in abundance throughout Britain, but huge numbers of pubs are dreary and boring to the eyes of young adults.

Pubs are losing patronage at a time when more Britons, including working and single people, are going out to eat. Women, according to surveys, are the driving force behind the move away from pubs.

British women are demanding more exciting settings with music and a wider range of beverages, including U.S. cocktails, and non-English foods, according to Hugh Mantle, the specialist operations manager for Whitbread and Company, one of the Big Six of British national brewers.

Mondale Sets Running-Mate Guidelines

By Bernard Weinraub
New York Times Service

WASHINGTON — Walter F. Mondale has issued a statement saying he would seek a running mate who would be able to "advise a president from a national perspective," serve as a negotiator abroad and actively advance legislative programs on Capitol Hill.

Mr. Mondale, who was near the end of a vacation at Southampton, New York, issued the statement Tuesday through his Washington headquarters to clarify "the selection process" for a vice presidential candidate that he plans to undertake.

Mr. Mondale said he wanted to begin interviews with potential running mates "within a week" at his home in North Oaks, Minnesota, near St. Paul.

"I view the selection of my running mate as the most important decision I will make as the Democratic nominee," he added.

Mr. Mondale says he has enough delegates to win the Democratic presidential nomination, although his main rival, Senator Gary Hart of Colorado, is continuing his candidacy. Mr. Hart has been mentioned as a possible running mate for Mr. Mondale.

Another potential choice, Senator John Glenn of Ohio, said Tuesday in response to questions that he would consider a vice presidential nomination but would not automatically accept it. Mr. Glenn said he thought the possibility of his selection was unlikely.

[On Wednesday, Senator Lloyd Bentsen of Texas, who also has been mentioned as a possible choice, said, "I don't expect to be asked and I'm not seeking the job." He said the second-place spot was likely to go to "somebody like Gary Hart." United Press International reported.]

Mr. Mondale said that a friend and senior adviser, John R. Reilly, who is a partner in a Washington law firm, would "manage this search" and "make sure that hundreds of Americans are considered, outstanding candidates identified, and careful research conducted."

He observed that "women and minorities" would be included in his search. "My choice will be guided by the need to select someone totally qualified to assume the office of the president should that be necessary," he said.

Mr. Mondale's statement went

on to say, "There are many ways in which a vice president can help a president govern. For example:

"The vice president, the only other official elected nationwide, can advise a president from a national perspective.

"Without specific ties or allegiances the vice president can help break through the bureaucracy and solve complex problems.

"A vice president can speak for the president on Capitol Hill and help advance the president's legislative program.

"The vice president can be the president's most effective spokesman with the public.

"The vice president can extend the president's reach in foreign policy by conducting negotiations at the highest levels and serving as the president's eyes and ears abroad."

Mr. Mondale said he felt "very deeply about the need to search as far and wide as I possibly can for the best candidate." Citing his own experience as vice president under President Jimmy Carter, Mr. Mondale said: "It has been my privilege to have worked more closely with a member of the Values of the Ju-

deo-Christian ethic. I am

convinced that he will reverse the dangerous deterioration of Soviet-American relations and the drift towards war in Central America."

"It is time," he added, "for the rest of us to close ranks behind the probable nominee of our party."

■ McGovern Backs Mondale

George S. McGovern endorsed Mr. Mondale for president on Wednesday and urged his 23 convention delegates to follow his lead, United Press International reported from Washington.

Mr. McGovern, the Democratic presidential candidate in 1972 and the first of Mr. Mondale's seven rivals to support him, said the decision was "not easy for me" because Mr. Hart was director of his 1972 presidential campaign.

"I think a Mondale-Hart ticket is the strongest and that it does gather on one ticket the best vote-getters we've got," Mr. McGovern said at a news conference.

Mr. McGovern said he does not agree with all of Mr. Mondale's views, "but I know that he is guided by a practical knowledge of economics, politics and diplomacy un-

dergirded by the values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

President Jimmy Carter, Mr. Mon-

dale said: "It has been my privilege

to have worked more closely with a

member of the Values of the Ju-

deo-Christian ethic. I am

deeply about the need to search as

far and wide as I possibly can for

the best candidate." Citing his own

experience as vice president under

WORLD BRIEFS

Talks Break Down in ...

Law Leaders Reject Plural...

Terrorist Suspect Conf...

Hacks U.S. Anti-Terror...

Urged to Change Policies

Record

Criminal Penalties Removed From House Immigration Bill

WASHINGTON — The House voted Wednesday to remove criminal penalties against employers from an immigration bill. It also voted to require U.S. businesses with four or more workers to make certain their employees are legally in the United States.

The House approved an amendment by Representative E. Thomas Coleman, Republican of Missouri, striking the criminal penalties from the legislation. The bill still includes warnings and civil fines up to \$2,000 against employers for each illegal alien hired.

The measure originally called for criminal penalties including imprisonment and fines up to \$3,000 per offense for repeat offenders.

In an earlier round of voting, the House eliminated a provision in the bill stating that only employers who had previously been caught hiring illegal aliens would have to keep records on their workers' legal status.

The provision was based on the theory that it would be unfair to require the paperwork from employers who had not violated the law.

The vote was 321-97 on an amendment by Representative Daniel E. Lungren, Democrat of California, to strengthen the record-keeping requirements to include all companies. Later, the

House yielded to small businesses with a voice vote exempting those who employ three or fewer workers.

The House also voted to strike from the bill a proposal to study the feasibility of a national identity card.

The Senate-passed bill leaves the matter of identifying eligible workers to the executive branch of government. It says the president must within three years create a system to determine eligibility.

The differences between the House and Senate bill will have to be ironed out before the measure is sent to the White House.

In other votes on the immigration measure, the House took the following actions:

- Defeated on a voice vote an amendment to ease record-keeping requirements on farmers.

- Defeated on a voice vote an amendment that would have allowed fines against employers caught hiring illegal aliens to range to levels far below those specified in the bill.

- Approved, 242-155, an amendment to establish a system under which employers could call a toll-free telephone number to check whether potential employees were in the United States legally.

The House has imposed what is likely to be a prolonged and bitter

confrontation as it considers 69 amendments to the bill.

The measure seeks to stem the flow of illegal aliens across U.S. borders by levying fines and jail terms on employers who knowingly hire them. It also would offer amnesty to aliens who could prove that they have been in the United States since Jan. 1, 1982.

The bill, sponsored by Senator Alan K. Simpson, Republican of Wyoming, and Representative Roy L. Mazzoli, Democrat of Kentucky, has passed the Senate. But the House, caught in a crossfire from a range of powerful groups angered by various provisions of the measure, has been unwilling to deal with it until now.

(LAT, AP)

Florida Orphan Gets \$281,490 In Jewel Fund

United Press International

NEW YORK — A Florida orphan, Eric DeWilde, 17, became \$281,490 richer at an auction here of jewels he found lying by railroad tracks near his home.

The 29 pieces auctioned Tuesday at Christie's included uncut diamonds and a diamond-and-emerald brooch. A second sale of 46 pieces is planned at Christie's East on June 21. The money will be held in trust for Mr. DeWilde by the Northern Trust Bank of Florida,

Eric DeWilde, a high-school dropout who lives with his aunt, Modena Turt, in Hollywood, Fla., found the gems on March 17, 1983, in a yellow vinyl bag.

Mr. DeWilde, and his aunt turned the gems over to police, who returned to the tracks and found 20 more rings and brooches.



Eric DeWilde

Florida, found the gems on March 17, 1983, in a yellow vinyl bag.

Mr. DeWilde, a high-school dropout who lives with his aunt, Modena Turt, in Hollywood, Fla., found the gems on March 17, 1983, in a yellow vinyl bag.

Mr. DeWilde, and his aunt turned the gems over to police, who returned to the tracks and found 20 more rings and brooches.

In South Carolina, Thurmond Repels First Primary Challenge in 20 Years

Compiled by Our Staff From Dispatches

WASHINGTON — Senator Strom Thurmond, Republican of South Carolina, has easily won his first primary election in 20 years.

Mr. Thurmond, 81, the Senate president pro tem and Judiciary Committee chairman, won about 95 percent of the votes to 5 percent for Robert Cunningham, a retired CIA agent. Mr. Thurmond has not faced a primary opponent since he jumped to the Republican Party 20 years ago.

His opponent in November was still in doubt on Wednesday. With more than 99 percent of the precincts reporting, Melvin Purvis Jr. held a lead of fewer than 1,000 votes over Cecil Williams.

Neither of the challengers is con-

sidered a serious threat to Mr. Thurmond, who was first elected to the Senate in 1954 as a Democrat.

In other elections Tuesday, voters in Rhode Island killed a \$250 million reindeerization program called the Greenhouse Compact.

The acting mayor of Providence, Rhode Island, Joseph R. Paolino, won a five-way Democratic primary for mayor. The previous mayor, Vincent Cianci Jr., was forced to resign after receiving a suspended sentence on a felony conviction, but he is one of several independents who will oppose Mr. Paolino in a special election July 17.

Residents of Birmingham, Alabama, and surrounding Jefferson County endorsed horse racing in the state for the first time, and voters in Maine approved a \$15.7-

million bond issue for building sewage-treatment plants and cleaning up hazardous waste sites.

Democrats in North Dakota picked state Representative George Sinner to challenge Governor Allen L. Olson, a Republican, in November.

Senator Gary Hart of Colorado won North Dakota's first Democratic presidential primary in 50 years. Walter F. Mondale, who says he has enough delegates to guarantee his nomination next month, and the Rev. Jesse L. Jackson did not appear on the ballot. No delegates were at state in the voting.

Primary elections for the U.S. House of Representatives were held in some districts in Maine, Virginia, Arkansas and South Carolina. (UPI, AP)

Duarte Dissolves Unit Linked to Death Squads

The Associated Press

SAN SALVADOR — The new government of President José Napoleón Duarte in El Salvador has taken a step toward combating rightist violence by dissolving a police intelligence unit that had been linked to death squads.

The Treasury Police director, Colonel Kinaildo Golcher, said Tuesday that the S-2 intelligence unit in his agency was dissolved earlier this week and its 100 agents were sent to combat positions at isolated posts in the east, where some of the heaviest fighting against leftist guerrillas has taken place.

Accusations of death squad activity "have permanently been lodged against the S-2," Colonel Golcher said, although he added that there was no evidence to support the allegations.

The unit was disbanded because of reports of illegal action by some S-2 agents and as a way to improve the image of the Treasury Police, Colonel Golcher said.

Two S-2 agents have been indicted and another is sought in the

kidnapping and killing March 30 of a wealthy Salvadoran landowner, José Carlos Llori.

Colonel Golcher said an investigation of the unit has begun, but so far the only criminal discovery had been the alleged involvement in the Llori case.

For several years, diplomats and human rights groups, including agencies of the Roman Catholic Church, have asserted that the Treasury Police and members of other security forces were involved in abductions and killings of people suspected of leftist sympathies.

A former S-2 director, Colonel José Ricardo Pozo, was assigned to a post in Paraguay early this year after the U.S. Embassy requested that he and two other military officers and several civilians be sent out of El Salvador.

Meanwhile, leftist guerrillas attacked the town of El Pinal, 22 miles (about 35 kilometers) north of the capital, late Monday, and reportedly killed or wounded five civil defense guards, according to a civil defense commander in a nearby town.

U.S. House Unit Seeks Firmer Control of CIA

By Martin Tolchin

New York Times Service

WASHINGTON — Leaders of the House Select Committee on Intelligence say they plan to press for legislation that would require the Central Intelligence Agency to inform Congress of a broad range of covert activities.

The House Intelligence Committee staff has recommended a plan that far exceeds an agreement signed last week between William J. Casey, the CIA director, and members of the Senate Intelligence Committee.

Under current law, the agency is required to keep Congress "fully and currently informed" of "significant anticipated intelligence activities."

According to the staff report, "Clearly, the committee's concept of what is 'significant' has not been shared by key intelligence officials."

The Senate Intelligence Committee complained recently about not being informed of the agency's role in the mining of the Nicaraguan harbors and the House committee said the agency had failed to provide notification of its role in the Salvadoran elections.

Representative Lee H. Hamilton Jr., Democrat of Indiana, said he and Representative Edward P. Boland, Democrat of Massachusetts, planned to offer a package of legislation intended to place strict controls on the agency.

The House staff report recommended that the agency be required to notify the committee of any activity approved by the president.

In addition, the staff recommended that the committee be notified on these other matters:

- Any transfer of U.S. military equipment that could alter the na-

ture of U.S. relations with the country receiving it.

- The use of any means, including the employment of force, that departs from the scope of a program involving covert action.

- Material changes in the objectives of a covert program.

- The use of U.S. military personnel or equipment in covert programs.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

The report also said the committee should be told of any operation intended to affect the processes by which any nation selects its form of government and any activities in the United States that support a covert program.

The staff also urged that the committee be notified if the CIA staff or contract employees or "unilaterally or contracted U.S. persons or foreign nationals in the support or conduct of paramilitary operations."

Korean opens another gate to Seoul.



From 21st June every Thursday, a Korean B747 departs from Frankfurt direct to Seoul.

Now, for the first time, there's a direct flight from Frankfurt to Seoul*. Leaving every Thursday at 12H20, it arrives in Seoul (via the Polar Route) on Friday 16H40.

Enjoy typical Korean hospitality all the way. From Seoul, convenient and frequent flights to Tokyo, Osaka, Taipei, Hong Kong and other major cities in Japan and S.E. Asia.

Alternative departures to Seoul from Paris every Thursday and Saturday or from Zurich every Wednesday and Sunday.

*Joint venture with Lufthansa.

KOREAN AIR LINES

We're honoured to serve you around the world.

Subject to governmental approval.

WE KEEP YOU IN GOOD SPIRITS



Whether it's elegant dining you want, or a quiet supper in your room, Hilton International Milano is your hotel. We're your hotel for business, too, with a convenient location and every service you need, from translation and typing to the latest in meeting facilities. For Milan at its most spirited, telephone your travel agent, any Hilton International hotel or Hilton Reservation Service in Copenhagen, Frankfurt, London, Madrid, Milan, Oslo, Paris or Stockholm.

HILTON INTERNATIONAL MILANO

Where the world is at home™

ESCAPES & GUIDES

INTERNATIONAL ESCORT SERVICE

USA

Head office in New York
330 W. 56th St., N.Y.C. 10019 USA

212-765-7754

Local, National & International

MAJOR CREDIT CARDS AND
CHECKS ACCEPTED

Private Memberships Available

This professional service has
been featured on NBC & several
national networks. Available
by USA & international news media
including radio and TV.

REGENCY

WORLDWIDE MULTILINGUAL
ESCORT SERVICE

NEW YORK OFFICE

Tel: 212-836-8022
& 212-753-1864

* USA & TRANSWORLD

A-AMERICAN

EVERWHERE YOU ARE OR GO!
1-813-921-7946

Call free from USA: 1-800-232-0992
Call free from Florida: 1-800-232-0972.
Lowell Eastern welcomes you back!

CAPRICE

ESCORT SERVICE

IN NEW YORK

Tel: 212-737-3291.

FRANKFURT SONIA ESCORT Ser-

Vol. Tel. 061-685552

FRANKFURT & INTERNATIONA

Chris-

to's Escort Agency, 061-354622.

INTERNATIONAL CLASSIFIED

(Continued from Page 23)

ESCAPES & GUIDES

LONDON

BELGRAVIA

Escort Service
Tel: 736 5877.

LONDON

TOP ESCORT SERVICE

TEL: 402 0004

ARISTOCATS

London Escort Service

128 West St., New York, NY 10013

All major Credit Cards Accepted

Tel: 457 47 41 / 472

12 noon - midnight

REGENCY

WORLDWIDE MULTILINGUAL ESCORT SERVICE

NEW YORK OFFICE

Tel: 212-836-8022

& 212-753-1864

* USA & TRANSWORLD

A-AMERICAN

EVERWHERE YOU ARE OR GO!

1-813-921-7946

Call free from USA: 1-800-232-0992

Call free from Florida: 1-800-232-0972.

Lowell Eastern welcomes you back!

CAPRICE

ESCORT SERVICE

IN NEW YORK

Tel: 212-737-3291.

FRANKFURT SONIA ESCORT Ser-

Vol. Tel. 061-685552

FRANKFURT & INTERNATIONA

Chris-

to's Escort Agency, 061-354622.

LONDON ZONE WEST Escort Agency

Tel: 071-755555

LONDON WEST

ESCORT SERVICE

LONDON HEATHROW & GATWICK

TEL: 01-747 3304

LONDON PARK LANE

ESCORT AGENCY

TEL: 582 1015

Heathrow & Gatwick

GENEVA-ZURICH

ESCORT SERVICE

TEL: 01 341 90 00

MUNICH STANDBY

Escort + Guide Service

Tel: 089/446008 +

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

LONDON ZONE WEST

Escort Agency

Tel: 071-755555

<h

SCIENCE

**Bethe Confronts
The Bomb's Legacy**By William J. Broad
New York Times Service

NEW YORK — An impatient young weapons designer wrote to Dr. Hans A. Bethe not long ago, urging the eminent physicist to stop his opposition to the development of a new generation of nuclear weapons.

"Look here, you were very enthusiastic when you made the atom bomb, even though there were some old people who said it couldn't be done," the young physicist wrote the elder one. "Now don't tell us the same thing. We want to have our chance."

The young physicist's frustration is shared by many of the young scientists at work at national laboratories on what they regard as the next generation of nuclear weapons — those designed to be used as a defensive shield in space.

And given Dr. Bethe's past involvement with nuclear weaponry, the frustration is not hard to understand. Dr. Bethe, whom Time magazine in 1940 called "one of Nazi Germany's greatest gifts to the United States," was a key architect of the atom bomb. And yet he is adamantly opposed to the current thrust of nuclear-weapons development.

Why is it so important to the younger generation of physicists to have his approval? And why do they not have it?

Dr. Bethe, a 1967 Nobel laureate in physics, stands out as among their leading and most articulate opponents. Moreover, at 77, his research work continues to have the kind of importance and fascination that demands their deepest respect.

He says that his opposition is out of a result of some lingering regret over his contribution to the atom

bomb in World War II. He has, he said in a recent interview, no regrets at all.

"It's important to be clear about the different situations," he said. "Today the arms race is a long-range problem. The second world war was a short-range problem, and in the short range I think it was essential to make the atomic bomb."

"However," he continued, "not much thought was given to the time after the bomb." At first, the work was too absorbing, and we wanted to get the job done. But I think that once it was made it had its own impulse — its own motion that could not be stopped."

He said he has spent the years since then trying to stop the bomb's own impulse and that he believes this motion can and must be stopped.

Dr. Bethe, a professor emeritus of theoretical physics at Cornell University, was from 1943 to 1946 the head of the theoretical division of the Manhattan Project.

Now Dr. Bethe has turned his energies in opposition to the proponents of space-based missile defenses.

"These people want to eliminate the danger of nuclear weapons by technical means," he said. "I think this is futile. The only way to eliminate it is by having a wise policy. That means going back to the policy of the six presidents preceding Reagan," he said, meaning back to and including President Dwight D. Eisenhower. Dr. Bethe said those administrations pursued a policy of "understanding — still insisting on our rights, of course, but also having some understanding for the concerns of the Russians."

After World War II he advised

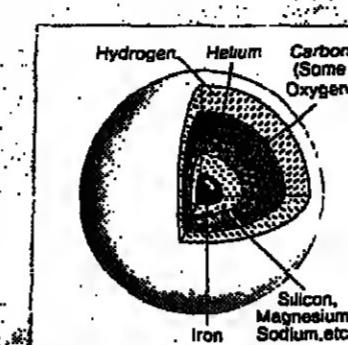


Foto: François, The New York Times

Besides the arms question, Dr. Hans Bethe is studying the behavior of aging stars, which can suddenly explode. Layers of heavier elements build up at the star's core until the combined weight causes it to collapse. Then the dense core rebounds, causing a supernova.

the U.S. government on matters of weapons and arms limitation, becoming the prime mover behind the first and most successful arms control treaty between the superpowers, the 1963 Limited Test Ban Treaty, which confined nuclear tests to beneath the earth.

Between 1956 and 1959 he was a member of the President's Science Advisory Committee, and was asked to study the feasibility of developing anti-ballistic missiles. From the start, he said, he was not optimistic. He had already developed decoys that could be jettisoned from offensive missiles to confuse defense systems. Dr. Bethe and his colleagues became convinced that all anti-ballistic missile systems (ABMs) could be defeated. It was just too easy and economical, they thought, to improve offensive missiles.

Moreover, even if they worked, defensive systems might still touch off a holocaust, they said. In the 1960s, during the debate over anti-ballistic missiles, Dr. Bethe said: "We exist in peace today only because each side knows it cannot win a nuclear war. Once this balance of terror is broken — as it will let one side think it has an advantage — then we will have a continuing spiral of increasing arms and further instability."

Today Dr. Bethe argues the same point, saying so-called defensive systems could pull an aggressor into thinking he could make a sudden massive attack on a foe and then block the response.

To strike back at defensive systems before they destabilize the "balance of terror," Dr. Bethe recently helped write a report for the Boston-based Union of Concerned Scientists that dismissed space-based beam weapons, the 1980s ideal of a shield. The report said an enemy could easily outsmart such weapons.

Lately he has been particularly intrigued by one of the most futuristic of the beam weapons — the X-ray laser, a device that would take the power of a nuclear blast and channel it into powerful beams that would flash across space at the speed of light to destroy enemy missiles. During an attack, the lasers would be "popped up" into firing position high above the atmosphere.

Last year Dr. Bethe visited the young inventors of the X-ray laser, many of whom are in their 20s, at the Lawrence Livermore National Laboratory in California. "The young people who work on these projects are very enthusiastic" and they have done an ingenious job in creating the device, he said. But, he added, it would never work in time of war because the Earth itself would get in the way.

"The great question is whether you can get an X-ray laser up high enough before the booster has burned out and started to dispense decoys and warheads," he said.

"But that," he added with dry understatement, "is not so easy because the Earth is round."

There are those who vigorously disagree.

"Is Hans Bethe a good physicist?" asked Dr. Lowell Wood, the physicist who is in charge of the group of young weapons designers at Livermore. "Yes, he's one of the best alive. Is he a rocket engineer? No. Is he a military systems engineer? No. Is he a general? No. Has he ever put a weapon in the stockpile? No. Has he ever fought a war? No. Everybody around here respects Hans Bethe enormously as a physicist. But weapons are my profession. He dabbles as a military systems analyst."

Yet after all is said and done, Dr. Bethe ultimately places his faith not in technology but in human beings. Only humane reasoning and the struggle to foster human relationships, he said, will stem the drift toward nuclear war.

"We need to try to understand the other fellow and negotiate and try to come to some agreement about the common danger," he said. "That's what's been forgotten. The solution can only be political. It would be terribly comfortable for the president and the secretary of defense if there was a technical solution. But there isn't any."

One reason the young physicists

Comet Swarm: A Link to Past?By Walter Sullivan
New York Times Service

BALTIMORE — The great 1908 explosion in Siberia, a strange lunar flareup seen by monks in 1178, and in 1975 the severe jostling of seismographs left by astronauts on the moon may have all been manifestations of the same phenomenon. An astrophysicist suggests that the culprit in each case was a swarm of about 100 cometary fragments that constitute a new feature of the solar system.

The suggestion was made by Dr. Kenneth Brecher, an astrophysicist who also specializes in archaeological aspects of astronomy. Dr. Brecher proposed to the American Astronomical Society meeting, which opened here Monday, that the phenomenon be called "The Canterbury Swarm." It was Germaine, a prelate in Canterbury, who recorded that on June 25, 1178, when the moon was a very thin crescent, "The upper horn of the new moon seemed to split in two and a flame shot from it."

It was proposed in 1976 that this

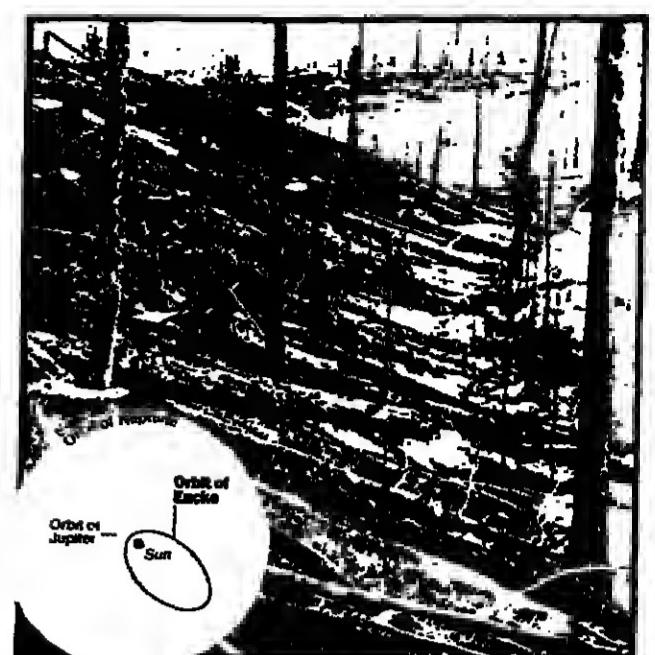


Foto: Sovfoto, The New York Times

was the impact of a large object producing one of the youngest lunar craters known as Giordano Bruno. Furthermore, several years ago the Czech comet specialist L. Kresak suggested that the mysterious Siberian blast of June 30, 1908, was the explosive disintegration high in the atmosphere of a fragment of Comet Encke. The comet returns to circle the sun more frequently than any other comet — once every 3.349 years.

Encke is thought to have shed the debris that falls into the atmosphere in June and November as the Taurid showers of meteors or "shooting stars." The November meteors are known as Taurids because they seem to originate in the constellation Taurus. They occur at the times each year when the Earth passes through the trail of Encke's path around the sun. Kresak noted that the Siberian explosion coincided with the June passage. It leveled a wide region of forest and shook the entire planet.

The swarm of impacts recorded by lunar seismographs between June 22 and 26, 1973, was the most intense "storm" of meteoroids observed during 10 years of operation by the lunar network. Dr. Brecher has now calculated that all these events were caused by return of the same cloud of fragments shed by Encke, or its progenitor before 1778.

Earth and the moon will not pass through it until 2042, he said, but in June, 1985, will come within 20 million miles of it, perhaps close enough for photographic detection. He estimates that it contains 100

fragments, some more than half a mile in diameter, spread over a region 10 million miles long.

Dr. Brecher, who is at the Goddard Space Flight Center of the National Aeronautics and Space Administration while on leave from Boston University, proposed that a large comet broke up at least 10,000 years ago and that Encke is only one of its fragments. He believes other parts of the original comet include small asteroids dis-

Montana
sales

Men's boutique: 31, rue de Grenelle, Paris-7th

Women's boutique: 37, rue de Grenelle, Paris-7th

Baccarat
30 bis, Rue de Paradis,
75010 PARIS
(in the subway)
Tel.: 770-64-30.

Finest Crystal since 1764.

When in Paris... visit our Museum and Showrooms
Open Monday to Friday, 9 a.m.-6 p.m.
Saturday 10-12 a.m., 2-5:30 p.m.

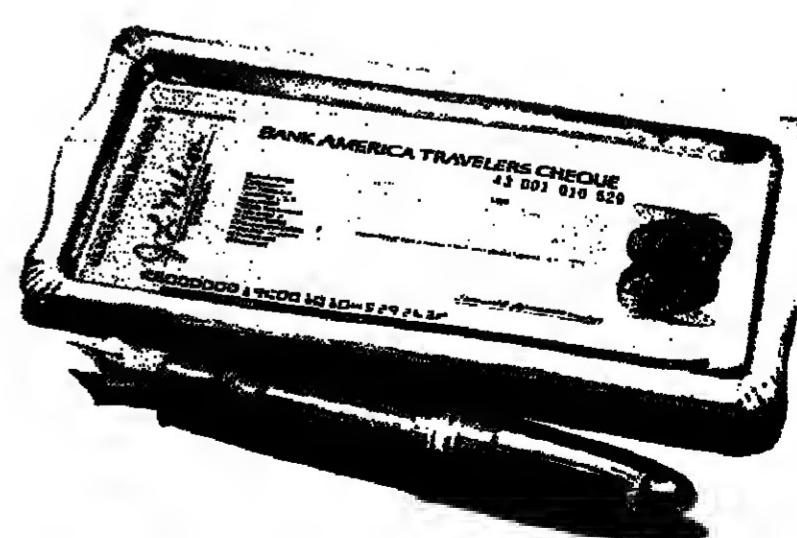
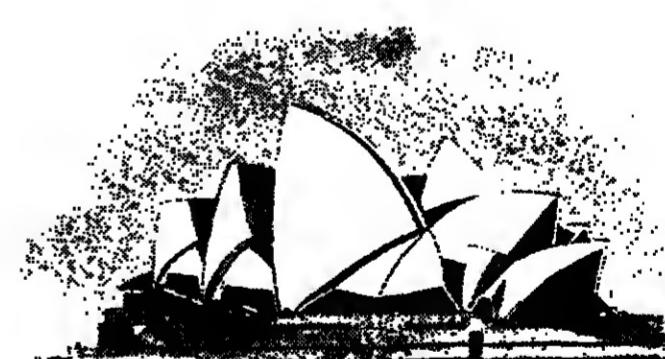
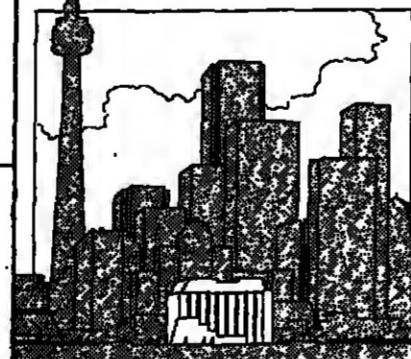
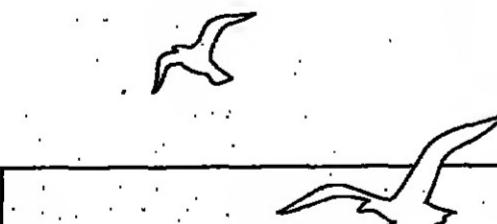
Also in selected stores near your home

KNOWN THE WORLD OVER

BankAmerica Travelers Cheques. World Money®

Wherever your travels take you, you'll find few things as widely recognized as BankAmerica Travelers Cheques. They are carried with confidence by experienced travelers on six continents, welcomed by merchants in 160 countries, and backed by a worldwide refund network and assets in excess of U.S. \$120 billion. BankAmerica Travelers Cheques. Available in leading world currencies from thousands of banks all over the globe. If you're going as far as Sydney, you can even use them for opera tickets.

BankAmerica Corporation

**QUEEN'S QUAY****RESIDENCES**

Award-Winning Luxury Condominium Residences... Spectacular views from each suite overlooking Toronto and Lake Ontario. 24-hour Concierge and security. Interior designer/decorator service available. Within walking distance of the financial and business district, shopping, dining and entertainment. A quality residential development by North America's largest private real estate company. Olympia & York Developments Limited, 1 First Canadian Place, Toronto Ontario Canada M5X 1B5 Phone: (416) 862-6222

WATERFRONT LIVING



Can't Beat The Experience

Herald Tribune

Published With The New York Times and The Washington Post

Anti-Missile Missiles

The Pentagon's timing is every bit as wondrous as its marksmanship. Just as the Senate was about to debate anti-satellite missiles and consider cutting the \$1.7-billion budget for the Star Wars program, the Defense Department announced the successful test of a new space warfare device. A missile intercepted and destroyed a dummy nuclear warhead by deploying a 15-foot metal spiderweb in its path. "We really tried to hit a bullet with a bullet and it worked," an Army official exulted.

The test is certainly an achievement, but the interception has much less relevance to Star Wars than to winning money from Congress. Surely the Senate, as it scrutinizes the Star Wars venture for the first time, will know better than to be swayed by a single shot.

Intercepting one missile with another when both are traveling at thousands of feet per second is indeed like "hitting a bullet with a bullet." But that feat was first achieved 20 years ago before construction of the Safeguard anti-ballistic missile system in North Dakota.

Safeguard was abandoned, after an expenditure of more than \$5 billion, as it became clear that an attacker could easily overwhelm its "bullets" by a shotgun blast. The question ever since has been how to hit a shotgun blast with a shotgun blast.

The Army is no nearer solving that problem, but it has made a definite improvement over the Safeguard system. To compensate for lack of accuracy, Safeguard's interceptor missiles carried nuclear warheads. The new interceptor, known as a homing vehicle, senses the heat of an incoming warhead, and positions itself exactly in a head-on collision path. No explo-

sive is necessary; at that speed, mere impact causes destruction. The anti-satellite missile being developed by the Air Force works on the same principle.

It is an ingenious technology, sweet to its inventors and builders, and attractive to all who prefer a shield to the naked terror of deterrence. But the idea of a shield remains wishful, not wise, and the anti-satellite device will make the world more dangerous, not less.

The Air Force's homing vehicle is far more sophisticated than the erratic anti-satellite missile so far tested by the Russians. Yet once the Air Force has tested its device, Moscow will feel compelled to improve its own system. The ensuing race will, among other things, make U.S. satellites less secure. That, in turn, could endanger the means to detect and reply to a Soviet attack.

The Army's homing vehicle, meanwhile, is a small part of what would be needed for a full-scale defense against Soviet missiles. Will such a defense ever be feasible? The prospect is "so remote that it should not serve as the basis of public expectation or national policy," in the verdict of the Congressional Office of Technology Assessment. Even the Defense Department does not expect to decide whether to deploy a Star Wars defense until 1990.

Yet the administration wants to spend \$1.7 billion on Star Wars research this year. What is the hurry? The technology to launch a perfect shield against enemy missiles is not even in sight. The only thing promised by a crash program to launch half-tested ideas is, like Safeguard, another crash.

— THE NEW YORK TIMES

The Eurocommunist

Enrico Berlinguer, who died Monday at the age of 62, headed the Italian Communist Party, the largest in the West, but he followed no standard party line. He criticized Moscow over Poland and Afghanistan and spoke up for human rights in the Soviet bloc. In Italian politics, he discarded strategies premised on revolution and instead preached coalition with the Christian Democrats. His platform glorified parliamentary democracy and adherence to NATO and the Common Market.

All this was designed to attract the post-war generation for which the Italian communists' anti-Fascist resistance was just an old war story. The strategy brought Mr. Berlinguer remarkably close to success in the late 1970s.

Then other parties, chiefly the Socialists, successfully challenged his contention that the communists were the only alternative to the Christian Democrats.

It was the same elsewhere in Mediterranean Europe. Italy, Spain and France all have governments led by Socialists, who eclipsed the bids of "Eurocommunists" to become the parliamentary alternative to conservatism.

Mr. Berlinguer was therefore never able to prove his contention that a party weakened on Stalinism could be trusted, once in power, to accept the rules of the democratic game. His death brought tributes to his personal integrity, the doubts about his party live on.

— THE NEW YORK TIMES

No Case for Steel Quotas

One-fourth of the steel used in the United States is now imported, a proportion that has sharply increased over the past year. Is the domestic steel industry being injured by these imports? By three votes to two, the U.S. International Trade Commission found that in most (but not all) cases, injury was demonstrable. That leads to the next question, to be answered in July: What remedy will the ITC recommend to President Ronald Reagan?

This case was brought by the Bethlehem Steel Corporation and the United Steelworkers union, who want import quotas holding foreign steel to 15 percent of the market. The final decision lies with the president — to be made in the midst of the election campaign.

The real issue is whether the rising imports are the cause of the steel industry's weakness, or the result. Many foreign governments subsidize steel exports to build their own industries and hold down unemployment. But there are five other conspicuous reasons for the big U.S. steel companies' troubles.

First, demand for steel is dropping in the United States, with the trend toward lighter and cheaper materials. Second, through the 1970s the American mills often put their money into the wrong technologies, as they expanded for the boom that never arrived. Third, their wages far outran productivity. Fourth, a new kind of producer known as the minimill has appeared — typically small, specialized

and ferociously efficient; these mills are cutting into some of the big integrated companies' markets. And fifth, the high exchange rate of the dollar makes the imports cheaper and more competitive than ever.

The big American companies argue that, whatever their sins and errors of the 1970s, they are correcting their performance now. By negotiating concessions from the union and by raising their productivity, they observe that they have lowered the labor cost of producing a ton of steel by one-third in the past two years — a remarkable achievement. They are cutting capacity down to more realistic estimates of demand, and they are attacking the technological lags. As for the dollar's exchange rate, that is altogether out of their hands.

From the steelmakers' point of view, the case for quotas is clear and compelling. But Mr. Reagan is required to take a different and broader perspective. He has to take into account the interests of the whole economy, including other American industries that use steel. Import quotas would cut them off from cheaper foreign sources, pushing up the prices of their products. Jobs saved in the steel industry would be lost in the machinery industry.

Mr. Reagan has repeatedly emphasized the importance of keeping the world's markets open. It is a principle that will serve him well this summer in the steel case.

— THE WASHINGTON POST

Other Opinion

The Central Role of the IMF

Does the International Monetary Fund deserve to be awarded such a central role in coping with international debt as it has been given by the leaders of the seven-nation summit? The decision sounds natural enough, but it is only too consistent with a generalized desire by individual central banks, commercial bankers and governments to shirk off responsibility for painful decisions — or for avoiding them — on to some other body which is accountable to nobody.

— The Times (London).

FROM OUR JUNE 14 PAGES, 75 AND 50 YEARS AGO

1909: Japanese Held in Hawaii Plot

HONOLULU — Seventeen Japanese leaders in a strike of eight thousand workers on the sugar plantations were indicted by the Grand Jury [on June 12] on the charge of having conspired to incite disorder in the Hawaiian Islands. This action followed an official search of the offices of the Higher Wage Association, and of the Japanese newspaper "Jin" revealing incendiary letters, reports and other correspondence indicating a conspiracy among certain Japanese to wrest the control of the islands from the whites. The Grand Jury indicted the Japanese strike leaders after the submission of evidence. The translation of one document reads: "The Japanese strikers are facing the platters with enough powder, lead and food to make victory sure."

1934: Roosevelt Acts to Avert Strike

WASHINGTON — Moving to avert the strike of 100,000 steel workers [set for June 16], President Roosevelt sent to Congress [on June 13] a substitute for the Wagner bill, which would create a conciliation board to make effective the collective bargaining provisions of the National Recovery Act, and give the administration "sweeping power to deal with the threatened situation." The new agency would be empowered to supervise employee elections and its orders would be enforceable in the courts. Violations under the act would be subject to a fine of \$1,000 and imprisonment for not more than a year, or both. The conciliation board would be authorized to investigate practices of employers and employees and controversies arising under the N.R.A.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1958-1982

KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

LEE W. HUEBNER, Publisher

Executive Editor

WALTER WELLS, Editor

ROBERT K. McCABE, Deputy Editor

SAMUEL ART, Associate Editor

CARL GEWIRTZ, Associate Editor

International Herald Tribune, 151 Avenue Charles-de-Gaulle, 9220 Neuilly-sur-Seine, France. Telephone: 147-1263. Telex: 612718 (Herald). Cables Herald Paris.

Direktor de la publicación: Walter N. Whitney.

Managing Dir.: Alan Lecar. Tel. 24-34 Herald Rd., Hong Kong. Tel. 5-205618. Telex: 6170.

S.A. capital de \$1,200,000 F. RCS Number B 732021126. Canad. Postmaster: 34331.

U.S. subscription: \$30 yearly. Second-class postage paid at Long Island City, N.Y. 11101.

© 1984, International Herald Tribune. All rights reserved.



THURSDAY, JUNE 14, 1984

The Misunderstood President

By Norman Podhoretz

NEW YORK — In what is probably a forecast of his re-election campaign, Ronald Reagan worked hard during his recent European trip to dispel the widely held view of him as a "trigger-happy cowboy." Over and over, he proclaimed the sincerity of his devotion to peace; he repeatedly pleaded with the Russians to resume arms control negotiations; and he advanced several conciliatory proposals, including even a pledge to renounce the use of force.

None of this had any evident effect either on the Russians or on President Reagan's critics in the West. Yet having spent so much time explaining to the rest of us why the Russians are right to be provoked when the president of the United States uses language like "evil empire" in speaking of them, Mr. Reagan's critics might at least have taken a minute to say why the Russians refuse to be conspicuously soothed by the homely phrases he has now begun to favor.

This is by no means the only puzzle connected with Mr. Reagan's reputation as a trigger-happy warmonger.

What is even harder to understand is how he has acquired that reputation in the first place, when he has as

been, who first sent military aid to El Salvador along with about 50 American advisers, the number of which has either gone up or down — does it matter? — by one or two under Mr. Reagan. It was also Mr. Carter who decided to cut off the aid we had been giving to the Sandinistas in Nicaragua.

Mr. Reagan does seem to have gone a bit further than Mr. Carter in supporting the guerrillas fighting against that regime, but on the other hand he does not seem to have increased American support for the anti-Communist guerrillas in Afghanistan or Angola.

The Middle East is an even more striking example. Far from cheating the Israelis on when they went to war against Soviet-backed armies in Lebanon, Mr. Reagan kept pressing for a cease-fire. Then, having sent in the Marines, not to fight but to keep the peace, he withdrew them as soon as they came under serious attack. And having promised to retaliate against Syria for this attack, he no more did than to fire Mr. Carter before he retaliated against Iran.

As for Central America, there too Mr. Reagan has done little or nothing that was not inaugurated by Mr. Carter. It was Mr. Carter, not Mr. Reagan,

who first sent military aid to El Salvador along with about 50 American advisers, the number of which has either gone up or down — does it matter? — by one or two under Mr. Reagan. It was also Mr. Carter who decided to cut off the aid we had been giving to the Sandinistas in Nicaragua.

We come back, then, to rhetoric. It is Mr. Reagan's rhetoric, not his record, that has earned him his reputation as trigger-happy. Now he has decided to bring his rhetoric into line with his record. This may be a gain for consistency, but it is also a gain in terms of leadership.

Nothing a U.S. president can do in our time is more important than alerting public opinion to the truth about the Soviet Union. It is an evil empire and it does threaten to bully and blackmail the West into political subordination. Insisting on that truth — the same truth Winston Churchill, in his everlasting glory, insisted on in our time — is more important than alerting public opinion to the truth about the Soviet Union. It is an evil empire and it does threaten to bully and blackmail the West into political subordination.

Repeating these observations to Mr. Reagan in private letters on May 7 and May 28, and at the same time writing to Mr. Chernenko on the "naturality of security," the impossibility of "nuclear war" — the importance of "crisis management" and the dangers of trying to destabilize other countries, or countering on the economic collapse of the West, and finally of extending the nightmare of nuclear war into space.

At least Mr. Trudeau made a good try. The last hinting of his 15 years in office may have been his best, even if he struck out. Some of us think he was a good friend. We liked his courtesy and frankness and the rose in his lapel. He gave us his truth as he saw it, even if we did not always like it.

The New York Times

Reagan Hears a Few 'Last Truths' From Trudeau

By James Reston

there was no future in these contradictions. He regarded them as a children's quarrel. And as the father of three sons, he resorted to the device every parent knows: When quarrels get out of hand, change the question.

His idea, as I understand it, was that since Washington and Moscow could not agree to resume negotiations on nuclear weapons, maybe at least they could agree to lower their voices, and look around for some other things they might agree on.

That is Scene One. Scene Two presents Leonid Zamyatin, the Kremlin's chief spokesman, rejecting Mr. Reagan's offer to resume nuclear arms negotiations at Geneva "without preconditions."

No go, said Mr. Zamyatin. Mr. Reagan's precondition was that the U.S. cruise and Pershing-2 missiles should remain in Europe while they negotiate, while Moscow's was that its missiles remain targeted on European capitals during the talks.

But it is not true that this dialogue of the deaf has to continue, which was Mr. Trudeau's point. He thought there were some ways to talk around the corner.

For example, while the Russians talk about land- and sea-based nuclear weapons, they are ap-

pealing eager to talk about keeping the arms race out of outer space.

Joe Kingsbury of Smith the Hearst papers, who believes you gather more news with your brains than your legs, sent some questions recently to the Soviet leader, Konstantin U. Chernenko, asking whether the Soviet Union planned all nuclear talks or was willing to discuss the militarization of outer space.

Mr. Chernenko, or somebody else, probably Foreign Minister Andrei Gromyko, replied that a pact on banning anti-satellite weapons should be negotiated "without delay." The answer from Moscow added: "Tomorrow may be too late."

You can take this as an offer or a trick. But even so, if Mr. Reagan is as eager as he says to get Moscow back to the table, here is a possible chance to break the negotiating deadlock.

It is hard to imagine that nuclear talks can start about outer space without discussing the nuclear problem on land, where the outer space weapons come from, but the White House is so wary of the Russians and vice versa that sometimes they will not even take "yes" for an answer.

It is odd that Mr. Reagan asked the prime minister "What would you

have me do?" Mr. Trudeau came to Washington last December and had a long talk with the president. He told Mr. Reagan that he should be proud of his efforts to shore up the alliance and the free-market system. But what the president had not done, Mr. Trudeau insisted, was to communicate his commitment to peace and to the peaceful settlement of disputes in Central America or in the Middle East. And the stalemate between the United States and the Soviet Union was beginning to frighten the world.

For example, how to control the damage, forget about the Olympics in Los Angeles and the talks in Geneva, keep the cultural exchanges between the superpowers going, and at least freeze the villainous propaganda since freezing weapons was out of the question in the foreseeable future.

The problem now is that Washington and Moscow, having installed a sophisticated communications "hot line," never use it.

But it is not true that this dialogue of the deaf has to continue, which was Mr. Trudeau's point. He thought there were some ways to talk around the corner.

For example, while the Russians talk about land- and sea-based nuclear weapons, they are ap-

pealing eager to talk about keeping the arms race out of outer space.

Joe Kingsbury of Smith the Hearst papers, who believes you gather more news with your brains than your legs, sent some questions recently to the Soviet leader, Konstantin U. Chernenko, asking whether the Soviet Union planned all nuclear talks or was willing to discuss the militarization of outer space.

Mr. Chernenko, or somebody else, probably Foreign Minister Andrei Gromyko, replied that a pact on banning anti-satellite weapons should be negotiated "without delay." The answer from Moscow added: "Tomorrow may be too late."

You can take this as an offer or a trick. But even so, if Mr. Reagan is as eager as he says to get Moscow back to the table, here is a possible chance to break the negotiating deadlock.

It is hard to imagine that nuclear talks can start about outer space without discussing the nuclear problem on land, where the outer space weapons come from, but the White House is so wary of the Russians and vice versa that sometimes they will not even take "yes" for an answer.

It is odd that Mr. Reagan asked the prime minister "What would you

have me do?" Mr. Trudeau came to Washington last December and had a long talk with the president. He told Mr. Reagan that he should be proud of his efforts to shore up the alliance and the free-market system. But what the president had not done, Mr. Trudeau insisted, was to communicate his commitment to peace and to the peaceful settlement of disputes in Central America or in the Middle East. And the stalemate between the United States and the Soviet Union was beginning to frighten the world.

For example, how to control the damage, forget about the Olympics in Los Angeles and the talks in Geneva, keep the cultural exchanges between the superpowers going, and at least freeze the villainous propaganda since freezing weapons was out of the question in the foreseeable future.

The problem now is that

EGYPT

A SPECIAL ECONOMIC REPORT

THURSDAY, JUNE 14, 1984

Page 7

President Confirms Control of Party, End of Transition

CAIRO — Since becoming president in October 1981, Hosni Mubarak has stressed his awareness of the need for economic improvement and his concern about the average Egyptian's well-being. But, before he could translate words into deeds, the last stage in a peaceful transition of power had to take place.

The process that began immediately after the assassination of Mr. Mubarak's predecessor, Anwar Sadat, culminated in the May 27 parliamentary elections. These have decided who will be Mr. Mubarak's main opposition over the next six years. Having removed men closely associated with Mr. Sadat from the ruling National Democratic Party, Mr. Mubarak now has a firm grip on the party. This should enable him to freely pick the men who will lay the groundwork for the post-transition stage.

The parliamentary opposition, now represented by the New Wafid party, is actually two groups, which historically have not been friends. One is an updated version of the Wafid, which dominated politics before the July 1952 revolution; it is now a heterogeneous grouping of old and young, with a leadership largely reflecting this time's combination of advocates of the Moslem Brotherhood movement.

It is significant that the only party that has won more than 8 percent of the votes, in what the government describes as the first clean and free elections in more than 30 years, are the historical enemies of the post-revolutionary governments. (All the opposition parties, including the New Wafid, charged that the election was rigged.) The Wafid and other political parties existing before the revolution were banned. Moslem Brotherhood members were persecuted during the same period and were eventually forced underground.

But it was the Wafid-Brotherhood alliance that won 58 of the parliament's 448 seats. Three other parties that can did not receive enough votes to be represented. They are the Socialist Labor Party, an extension of the extreme-rightist pre-revolutionary Misr al-Fatah Party; the Socialist Liberal Party, a rightist party formed while Mr. Sadat was in power; and the Nationalist Socialist Progressive Rally, grouping leftists of various leanings.

In his last policy speech before the elections, Mr. Mubarak issued a warning to what would later become his opposition. Underlining his identification with the July revolution and its principles, he said in his May 1 address:

"Any backward, outdated trend, not believing in the monumental

achievement of the July 23 revolution, is doomed."

In the same speech, he agreed with his opponents that economic problems should get top priority. That subject will be the first issue discussed by the new parliament, with the government's budget for 1984-1985 expected to be passed before the summer vacation.

Although the fiscal year begins July 1, the outgoing cabinet chose not to send a budget to the parliament before the elections, lending credibility to criticism that the late Prime Minister Fuad Mohieddin's cabinet was a caretaker government that avoided decisions on controversial issues. The cabinet, including the third team in charge of the economy in less than three years, has taken no action on issues involving policy decisions.

From the outset Mr. Mubarak has declared himself against change for its own sake and refused to bow to pressure to specify where he stands on many issues. Unlike Mr. Sadat, he has not painted a rosy picture of the future or promised prosperity soon. He has repeatedly outlined the country's economic ills, backing up his assertions with facts and figures.

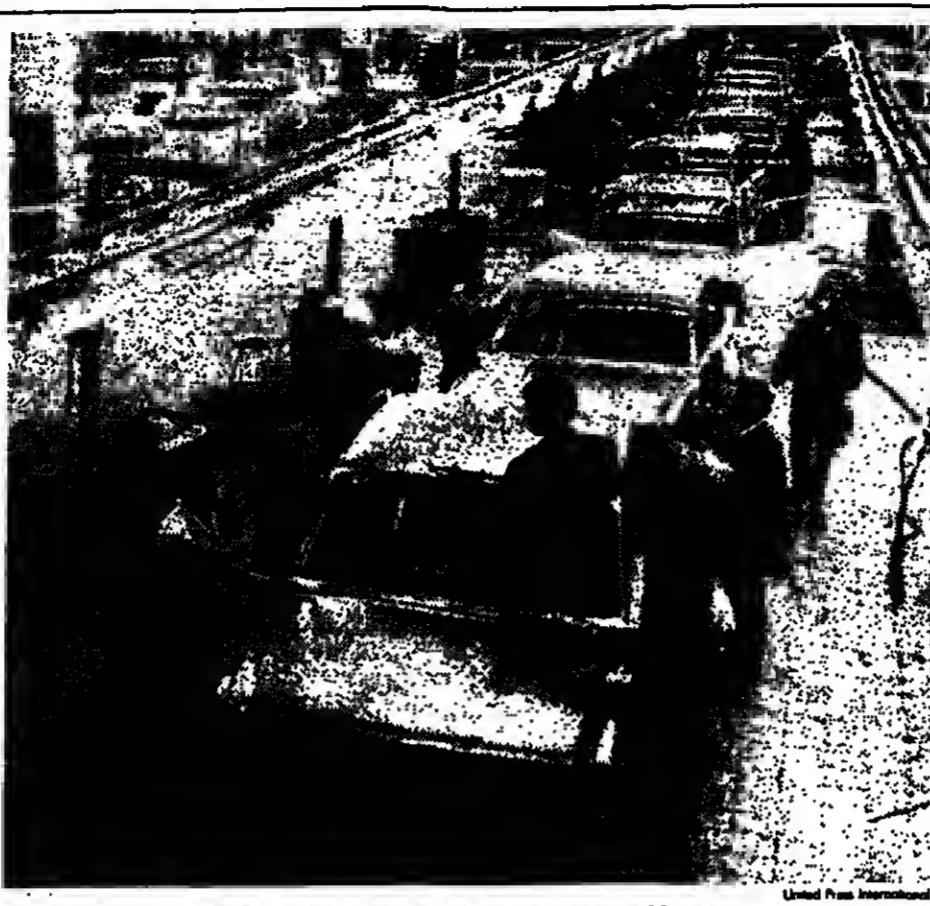
The immediate impact of this new approach was appreciation of his serious attitude towards the economy. But that sympathetic reaction eroded slowly as expectations of tangible improvement, based on the idea of facing up to the challenging reality, gave way to mounting impatience.

Sharp drops in income from the country's main economic resources during Mr. Mubarak's first year in power required skilled management. After the Sadat assassination, revenues from tourism dropped, as did remittances from Egyptian expatriates. The following year oil revenues fell sharply. Meanwhile, tourism and remittances recovered, while other Central Bank income remained stable. The recovery of Egypt's main sources of foreign exchange, particularly remittances, does not, however, ease the vulnerability of the economy, since it depends mainly on these uncontrollable sources of revenue.

During Mr. Mubarak's first year, a relatively detailed five-year plan was devised, marking a return to central planning. Analysts point out that rigid implementation of the plan goes against the *infish*, or open-door, liberalization measures taken by Mr. Sadat in laying the groundwork for a free-market economy.

A fierce anti-infish campaign was begun shortly after Mr. Mubarak became president. The state media rails against opportunists who became millionaires

(Continued on Next Page)



Egyptians at work in an automotive assembly plant.

Economic Growth Rate Keeps Even Pace Despite Problems

By Alan Mackie

CAIRO — Making sense of Egyptian statistics is more an art than a science. The economy has defied the doom-laden predictions of experts too often for a forecaster to put his faith exclusively in logic.

Foreign-exchange earnings have always come to the rescue, whether in the form of higher oil earnings in the boom years of the late 1970s or more recently with the dramatic resurgence of workers' remittances.

The widening trade deficit was more than compensated for by a rise in visible, or merchandise, exports. Thanks to a dramatic upswing after the government allowed public-sector banks to take export-oriented remittances at more than parity to the dollar (against an official rate of 84 piasters to the dollar), worker remittances rose from \$2.03 billion to \$3 billion as funds that had come into Egypt through the black market were redeposited through the banking system.

Net invisibles consequently jumped from \$2.42 billion to \$3.04 billion and the current account deficit — including merchandise as well as nonmerchandise items or invisibles — shrank from \$2.12 billion to \$1.73 billion.

After allowing for \$4.09 billion of capital inflows (of which \$1.75 billion was foreign aid and \$650 million direct investment) and after

deducting outflows including \$1.73 billion of debt repayments, the overall balance of payments was in surplus by \$890 million.

The prognosis for this year is for a further improvement. Net revenue from oil at \$2.13 billion is expected to be unchanged from 1982-1983 (exports last year were \$2.51 billion) and cotton sales should improve on last year's \$314 million after a good selling season. Com-

(Continued on Next Page)

Synergism

the Islamic Conference, the lack of movement in being invited back into the Arab League is disappointing. But business ties with the Arabs are improving, and Egypt has taken steps independently to improve relations with Iraq and Jordan and has participated in international efforts to ease Middle East tension and mediate in the Iran-Iraq war.

Mr. Mubarak is well aware, however, that his foreign policy achievements mean little if he does not make his mark at home, and here his touch has been less sure. It must be said that he has been preoccupied with security and, especially, Islamic extremism. As one adviser said: "He is not a sophisticated personality. He is learning every day and he will not move before he is ready. He is playing safe for Egypt. He has his own plans and theories but is waiting for the right time to implement them."

Mr. Mubarak has consciously set out to win back the disaffected constituency of low-paid public-sector workers and the other have-nots that Mr. Sadat lost in pursuing his controversial foreign policies. He has renewed commitments to central planning, to building up the private sector and leaving the private sector in areas not deemed of strategic economic necessity to the country (though the private sector is expected to contribute 25 percent of planned investments of \$4 billion Egyptian pounds under the five-year plan).

The current five-year plan has become the talisman for Mr. Mubarak's economic policy. Unlike in the Sadat era, when the president's whim for a particular project could throw out carefully made budget projections, Mr. Mubarak makes no exceptions. The emphasis is on getting as much productive capacity into operation as quickly as pos-

sible by reducing aid pipelines and encouraging local production. The average 8.1-percent growth rate envisaged in the plan is ambitious, and Egypt may be lucky to achieve a growth rate of 5 to 6 percent a year over the next three years.

The foundations of recovery are being laid. The large inflows of aid in the 1970s are being translated into power stations, cement plants and other productive capacity and infrastructure projects that are beginning to ease the lot of the average Egyptian. In the first two years of the plan, which runs until 1987, 320,000 housing units were built.

After a number of false starts, the building of the Cairo subway system is moving ahead, while work on the city's waste-water project should begin soon that the legal and bureaucratic tangles have been sorted out. For many Egyptians, the speed and efficiency of the army in installing telephones, building roads and repairing sewage systems — all well under half the cost of civilian contractors — has been a major revelation.

The steady improvements in agricultural production continue despite problems with salinity, and the greening of the desert proceeds in areas where water is easily available. Industrial production is beginning to meet some of the needs of the local market but a great deal more needs to be done before Egypt can be really competitive in world markets.

Foreign investment from all sources continues to flow at \$600 million a year. The grandiose designs of the 1970s have given way to more modest plans. The minister of investment affairs and foreign cooperation, Wagih Shindy, said investment procedures had been streamlined, although foreigners report some frustrations and delays.

(Continued on Page 12)

Oil Industry Maintains Steady Growth

CAIRO — Egypt's oil industry is relying on sound management and a proven record of fair dealing with foreign oil companies to see it through a difficult prospecting patch and to offset circumstances created by the world surplus and the threat posed to foreign exchange earnings by the sharp rise in domestic consumption.

It has not been an easy year for oil producers; the recovery in spot prices after the slump in 1982-1983

has been fragile. But Egypt has been relatively lucky. Demand for its heavier sulfurous crudes has kept up better than for sweeter, lighter blends, and its astute marketing — Egypt, with relatively little to export, is not a member of the Organization of Petroleum Exporting Countries — has cushioned the drop in revenue.

A steady 14- to 15-percent annual rise in domestic consumption over recent years has finally caught

up with export earnings, however. Net oil exports for the year through June will be held at the 1982-1983 level of \$2.23 billion, but they are expected to dip to \$2.01 billion in 1984-1985 and thereafter decline sharply until Egypt ceases to be an oil exporter in the early 1990s.

The fall in oil prices and the inexorable rise in domestic consumption have highlighted the fact that production is reaching a plateau from which it will be difficult

(Continued on Next Page)

U.S. Ties Remain Close, But Tone Is Different

By Bernard Gwertzman

WASHINGTON — It was perhaps inevitable that, after the assassination of Anwar Sadat in 1981, Egyptian-U.S. relations would begin to fray. And they have, even though the fabric of the relationship as a whole is still valued by both sides.

Mr. Sadat, whose bold moves in search of peace with Israel made him a hero to many Americans, was a unique Arab leader. He put his ties with Washington ahead of his standing in the Arab world. Hosni Mubarak, the trusted vice-president who replaced him as president, is a markedly different person from Mr. Sadat and this has had its effect on Egyptian-U.S. relations.

Although Mr. Mubarak has maintained Egypt's support for such milestones as the Camp David accords of 1978 and the Egyptian-Israeli peace treaty of 1979, he has done so without the enthusiasm often displayed by Mr. Sadat. Mr. Mubarak gives the impression of being considerably less emotionally involved in those agreements with Israel, but at the same time he is careful about not going so far as to abrogate them.

This has created the paradox in Washington of aid for Egypt being continued at very high levels, but

Established in 1975, The Chase National Bank combines the National Bank of Egypt's local experience together with the strength of Chase Manhattan Bank's global branch network.

Innovative, service oriented and responsive, we are active in all market segments and deal in Egyptian Pounds and most major foreign currencies.

Our services include:

- Short and medium term financing
- Loan syndications
- Investment advisory services
- Equity investments
- Correspondent banking
- Letters of credit and guarantees
- Bid and performance bonds
- Current, savings and time deposit accounts

The Chase National Bank - committed to service, committed to quality ... committed to Egypt.

	1982	1983
LOANS	242.1	375.8
TOTAL ASSETS	674.7	787.5
CUSTOMERS DEPOSITS	524.9	593.3
TOTAL DEPOSITS	565.8	641.4
NET WORTH	52.5	67.5
NET PROFIT BEFORE TAXES	26.1	32.5
PROVISION FOR TAXES	9.5	13.8
NET PROFIT AFTER TAXES	16.6	19.7

FIGURES ROUNDED TO U.S. MILLIONS

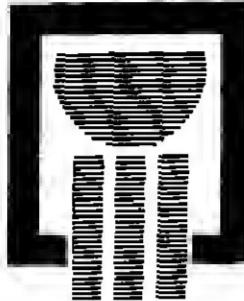
The Chase National Bank (Egypt) S.A.E.

Picking cotton: A report on agriculture appears inside.

(Continued on Page 12)

البنك الأهلي المصري

NATIONAL BANK OF EGYPT



N.B.E.

- * Egypt's premier bank:
 - Leads Egyptian banks on the list of the top 500 international banks.
 - Returned to the world's leading money market by re-opening its London branch in December 1982.
- * Has participations in 58 joint-ventures covering all fields of economic activity and capitalized at more than L.E. 1,100mn.

Group

- * Resources of nearly L.E. 6bn.
- Undertakes commercial and investment banking services, domestically through 185 branches, and internationally through more than 1,300 correspondents.
- * Constituent Banks:



Chase National Bank-Egypt



Crédit International d'Egypte



National Société Générale Bank

Address: 24 Sherif Street, Cairo.
Telephone: 744022 - 744175
Telex: 92238 NBE UN
92832 NBE UN

London Branch
2 Honey Lane (Off Cheapside),
London EC2V 8BT
Tel: 726 4230 - 726 4237
726 4238 - 726 4239
Telex: 894735 - 894736

Banque MISR

is the pioneer bank in Egypt.

Banque Misr means business.
Misr also means Egypt.
Banque Misr means business in Egypt.

Founded in 1920,
Banque Misr has
always been in the
vanguard of Egyptian
banking.

With 300 branches
in Egypt, 50 affiliated
companies in the
Banque Misr group and

links with
correspondent banks
worldwide.

Banque Misr is Egypt's
pioneer bank which
matches its long years of
experience with its
modern approach to
business.



BANQUE MISR

Head Office, 151 Mohamed St. Cairo
Telex: 92242 UN, 92553 UN, 92325 UN.

EGYPT



One of the French company Total's petroleum storage sites.

Compagnie Française des Pétroles

Nuclear Power Plans Get Green Light

CAIRO — Egypt's ambitious nuclear power generation program is finally taking off.

The country tried 10 years ago to acquire sophisticated hardware for what would have been a relatively modest three plants with total capacity of 1,800 megawatts. This approach was met with a cold response from the United States, which was reluctant to offer financial aid for the project and made consideration of Egypt's request conditional on its signing the non-nuclear nonproliferation treaty. Washington also sought a bilateral agreement committing Egypt to using nuclear power for peaceful purposes only and agreeing to regular inspections.

Now Egypt has signed the international treaty, made separate agreements with the United States, France and West Germany for providing the know-how, and incorporated the first phase of the nuclear program into the 1982-1987 development plan. It envisages building six or eight plants with total capacity of more than 8,000 megawatts by the turn of the century, with construction on the first two plants to begin in the next two years.

The program's cost, more than \$50 billion at present prices, will be a long-term burden on the economy. But policy-makers say the time

has come for Egypt both to save its limited oil reserves and to increase its oil exports to help offset its trade deficit. The country now uses more than \$1 billion worth of oil and natural gas to produce electricity.

An additional \$1 billion is added to the government's electricity bill through the subsidization of energy rates, which encourages more Egyptians to acquire air conditioners and video sets, raising the consumption of energy by a staggering 15 percent a year. Major industries also contribute to the rising demand, with public-sector industries using one-third of the country's output, preventing a few remote villages from having electricity extended to them.

The impact of the recent world oil surplus and resultant price reductions held up a special fund to finance the nuclear program; it was to be fed by returns from oil exports. Most of the financing in any case will have to come from overseas in the form of long-term loans. Egypt has demanded that companies bidding for the nuclear plants couple their technical credentials with a financial package, which will be a key factor in determining the choice of builder. This has been a difficult condition for the companies to fulfill; the U.S. Export-Im-

port Bank turned down a Westinghouse request for financial backing.

The bilateral agreements on the use of the plants, along with the financial agreements, have limited the number of companies bidding for the first plant to four: Westinghouse, Bechtel, West Germany's Kraftwerk Union and a French-Italian consortium lead by France's Framatome. A Swiss firm is assessing the bids, opened last fall, for the plant to be erected in Dabaa, 100 miles (160 kilometers) from Alexandria on the Mediterranean coast. Construction is to start this year, with the 1,000-megawatt plant to begin operating in seven years.

Arrangements for supplying uranium have been made with Australia and Niger. Little has been done to enable Egypt to tap its own rich deposits near the border with Sudan and in some parts of the eastern and western deserts. The feasibility of mining these reserves is being assessed. It seems likely, in the absence of concrete plans for developing these resources and considering the political sensitivity involved in acquiring the technology needed, that Egypt will remain dependent on foreign uranium for the foreseeable future.

Problems are also anticipated regarding the extent of non-Egyptian

involvement in operating the sophisticated imported technology, how safety requirements at the plants can be satisfied and where the nuclear waste will be dumped.

Meanwhile, Egypt will continue to add to its capacity of the cheapest form of power generation, hydroelectric power, which will be the base for power generation in Egypt until the nuclear program is well under way. With a dozen new turbines, the Aswan High Dam built by Soviet experts in the early 1960s has got a new lease on life. This, along with the new Aswan-2 power station scheduled to start producing in a year, and a number of other projects on the Nile, will increase Egypt's power production capacity by the end of next year.

What would have been the largest hydroelectric power generation project in the region, and one that would have provided an alternative to the nuclear program, appears to have been shelved for a number of reasons, including a high initial investment. The latest estimates for producing electricity through extending a canal from the Mediterranean Sea to the Qattara Depression in the western desert have been put at more than \$5 billion, and the project would have taken 14 years to put into effect.

— OLFAT TOHAMY

President Confirms End of Transition

(Continued From Previous Page)

overnight. Many proponents of the Sadat measures warn that the media stories create a poor image and threaten the policy of *infatia*. The chairman of the Misr Iran Development Bank, Fouad Sulten, said: "Those who used to criticize Sadat and say that he was running a one-man show now appreciate the wisdom behind the policy that has induced Egyptians to repatriate more funds than before. The banking system's foreign assets have risen sharply. We now have a solid base for *infatia* and Mubarak is investing in valuable assets that he has inherited from Sadat."

Another expert who defends some of the late president's policies is Abdel Razak Abdel Meguid,

who was regarded as Mr. Sadat's economic strategist. He was deputy prime minister for economic affairs under Mr. Sadat, as well as when Mr. Mubarak first took over.

Pointing to the slowdown in economic growth, Mr. Abdel Meguid said: "The only way to reform is through confronting the issues of wages, prices and the public sector. The three years we have lost will be hard to make up for."

Describing as "witch-hunting" the widely publicized trials for corruption, including that of Mr. Sadat's brother, Esmat, Mr. Abdel Meguid claimed: "No witches were really caught, but the hunt continues with the aim of frightening decision-makers and preventing them from making decisions."

The investigations have been conducted by

the Socialist prosecutor-general and the trials were at the Court of Ethics, both of which Mr. Mubarak inherited from Mr. Sadat.

Mr. Mubarak has often denied

that he is against the growth of the private sector the way Nasser was. But he has been giving private entrepreneurs confirming signals. They are encouraged by the present five-year plan — which has private investment accounting for one-fourth of total investments — but are bothered by measures adopted under Mr. Mubarak that limit imports through raising customs duties and interest rates on bank credits for imports. A new tax law has added to private investors' burdens.

The future of the huge but weak public sector, and of the system of

government subsidies on goods and services accounting for an amount equal to the total budget deficit, are among issues awaiting action. The lifting of subsidies on goods including bread led to riots seven years ago. Hesitant moves have been taken to reorganize the public sector and manage it efficiently with less government intervention. But the government has been reluctant to phase out certain subsidies and has not acted on its decision to raise slightly the prices of bottled gas and gasoline.

Another politically sensitive area is that of the management of the foreign debt. It is now close to \$20 billion, and the five-year plan envisions greater reliance on foreign loans and aid.

— OLFAT TOHAMY

Oil Industry Maintains Steady Growth

(Continued From Previous Page)

fiscal year's target of 45 million tons will be exceeded, but it will be well into 1985-1986 — when gas production will double — before the target of one million barrels a day, or 50 million tons a year, which has been eluding Egypt's petroleum planners for the last five years, will be finally hit.

Exploration and development have produced a crop of disappointments over the last two years. Most of the finds since 1981 have been small, well within the 50-million-barrel range, which offshore are too small to exploit. And the exciting finds of 1980-1981 have not lived up to their initial promise.

Balayin Petroleum Co., or Petrobel, is looking for 120,000 to 140,000 barrels a day from the Beiyun field on the east coast of Sinai, where there had been hopes for 200,000 barrels a day. British Petroleum's find at Zeit Bay north of Hurghada is being developed for 100,000 barrels a day when some oil has hoped for twice that.

Soco, the production venture of the Denmarc-BP-Shell consortium and Egyptian General Petroleum Corp. (EGPC), has had to lower its sights on the Ras Badran field near Abu Rudeis on the east coast of Sinai from 50,000 barrels a day to 30,000, and investigation of the Gaysum field near Zeit Bay convinced Mobil that there was no future in developing it further.

This last field had initially held out great promise but it was always difficult, a shallow pay zone over an extensive area, and further tests have shown it to be less than 500 million barrels.

Conoco has taken over the concession, however, in the belief that production is viable. Conoco has sunk \$300 million to \$600 million into drilling and exploration contracts in Egypt without having come up with any oil, and the acquisition of the Mobil concession may have been partly to buy something to show for this huge commitment. As the stakes get higher and oil fails to materialize, some producers are beginning to get cold feet.

Yet EGPC, which manages exploration and production for Egypt's oil industry, has been remarkably successful in keeping prospecting interest alive. Thirteen

new agreements were signed in this financial year, four are before the cabinet and, according to the oil minister, Ahmad Ezzeldin Hilal, are under discussion. The oil companies are committed to spending \$1.6 billion, a slightly lower figure than in the previous year.

So high has the interest been that EGPC has been able to be selective in awarding concessions, taking into account the track records of the exploration companies and the quality of the technology they bring in.

The Gulf of Suez remains the principal prospecting area but the oil is being spread wider. The Red Sea region is becoming popular; two new concession blocks south of Hurghada are arousing intense interest, while exploration activity in the Sinai peninsula will increase as IEOC, Conoco and TOTAL begin prospecting in earnest; exploration is also to begin in northern Sinai and along the Mediterranean coast.

An intriguing development has been the rehabilitation of the western desert, which a few years ago was being written off as virtually a dead loss. Shell has returned after relinquishing a concession there and is now producing oil at Badr el-Din. Two further concessions have been signed and another is on the books. The western desert has been virtually unexplored, but substantial improvements in geophysical definitions are making it less of an unknown quantity.

A principal reason for the high level of interest in exploration in general is the success the producing companies are having in finding new oil in the existing fields. The complex geology of the Gulf of Suez and its multiple pay zones have produced surprises significantly extending the lives of the existing fields, according to C.M. Carr of Amoco, the joint-venture partner with EGPC in Gulf of Suez Petroleum Co., or GUPCO, which produces most of Egypt's oil.

Morgan, the oldest and most prolific of the fields, has, by dint of water and gas injection programs, managed to increase production to almost 200,000 barrels a day. A new gas injection program is at the design stage and expected to be started in the second half of next year. The July field is producing 70,000 barrels a day, well below its peak of 180,000, but improved re-

covery systems are increasing reserves, Mr. Carr said. The newest field, October, producing 109,000 barrels a day, is in the middle of a large gas lift project to be completed next fall. The Ramsden field is producing a steady 90,000 barrels a day.

Egypt's conservative reserve estimates give added credibility to its production projections. These are now 4.8 billion barrels, the oil minister, Mr. Hilal, said; about 3 billion barrels of oil and about 1.8 billion of oil equivalent gas. EGPC will be undertaking a comprehensive review of gas reserves over the next three years to see how far 11,000 billion to 12,000 billion cubic feet of recoverable reserves are exploitable; now they amount to only half this figure.

Gas clauses are now written into all agreements. But the problems of exploiting it in the absence of a comprehensive gas map have made prospectors reluctant to explore enthusiastically.

Natural and associated gas are produced from three main regions: the delta, where production at the coastal fields of Abu Qadi and Abu Qir would be doubled — their natural gas feeds the Alexandria hinterland; the western desert's Abu Gharradiq field, which supplies associated and natural gas for the Helwan industrial complex south of Cairo; and Ras Shunqar on the west coast of the Gulf of Suez.

There are plans to enlarge the Ras Shunqar plant that gathers gas from the Gulf of Suez oil fields for piping to Suez, where it serves local industry, and then down to Cairo. In addition there are plans to tie in associated gas from the Balayin field, and new gas fields at Abu Siman and Badr el-Din will be fed into the Abu Gharradiq network.

Liquid petroleum gas is produced at Ras Shunqar. The expansion of the Abu Qadi and Abu Qir plants will make feasible LPG production from their condensate-rich gas. Mr. Hilal said he hoped Egypt would be self-sufficient in LPG within the next few years.

The burgeoning domestic market and the development of local feedstocks from associated gas have revived plans for a small petrochemicals industry. Technip of Italy is the main contractor for a \$120-million complex to be commissioned in late 1986. Mr. Hilal pre-

dicted that a polyethylene cracker using gas from Abu Gharradiq and naphtha condensates from Abu Qir would follow. The next project will be a low-density polyethylene plant.

Gas will be crucial in forestalling the demise of oil exports. Four years ago, gas made up 1 percent of production; now it accounts for 15 percent. Mr. Hilal envisages gas and fuel oil for power generation making up as much as 35 to 40 percent of production. The more gas that is utilized, therefore, the more oil there will be left for export.

Domestic consumption is running at \$4.16 billion a year, or just under twice the value of exports. In 1984-1985 it is expected to jump to \$4.82 billion, or just under 2.5 times exports. A large slice of the \$650-million increase, about \$220 million, will be for fuel oil. In the absence of any significant increase in hydroelectric capacity, and pending the introduction of nuclear power, Egypt will be building thermal units over the next 10 years. In the next 18 months, though, pending the introduction of new facilities to double gas production, the 22- to 25-percent annual increase in demand for fuel will have to be met out of oil exports.

The government essentially subsidizes energy prices — the Egyptian consumer pays roughly 17 percent of the world price — to the tune of \$3.5 billion to \$4 billion a year. Mr. Hilal aims to bring down consumption by phasing in price increases over a 10-year period. First, though, he wants to study the effects of energy price rises on wages and other commodities.

The high level of consumption has strained the country's refining capacity. The current five-year plan envisages raising capacity from 20 million tons a year to almost 29 million in mid-1986. New refineries are being built in Suez and Port Said; at the last, a plant with capacity of 3.6 million tons a year will provide the middle distillates that Egypt lacks. Designs for the Suez refinery, which is scheduled to be built by 1987, are almost complete. The Asyut refinery, with capacity of two million tons a year, will come on stream a year earlier.

— ALAN MACKIE

EGYPT

In the Banking Sector, Positive Signs . . .

CAIRO — Egypt's banking system is adapting to the slowdown in the economic growth that provided the impetus for more sophisticated and diversified services.

The more modest but still relatively high rates of growth over the last two years have produced a number of changes in conditions and a shift in the official attitude toward the banking system, reflecting a stringent monetary policy. A new phase in the development of the financial sector started with a decision two years ago to freeze the number of banks operating in Egypt at the present total of 99, and to fight inflation by curbing increases in the money supply and setting a scale for interest rates on loans. The interest rate scale was intended to limit the growth of trade and orient funds toward commodities and medium- and long-term investment.

As part of the policy curbing the banking sector's growth, the amount of money a bank could lend was limited to 65 percent of its asset deposits. But a recent surge in deposits, reflecting a healthy increase in savings, has led to a strengthening of the banks' financial position by adding to the supply of funds available for lending and investment. The increase, averaging more than 25 percent since the squeeze was enforced two years ago, was mostly due to a steady rise in remittances from Egyptian expatriates and a slower growth of domestic private consumption.

Another positive move was that the interest rate on local-currency deposits was raised. As a result, these deposits grew more than three times as much as foreign-currency deposits (mostly dollar-denominated), thus helping to strengthen the Egyptian pound.

Despite pressure on the trade-oriented private sector, the higher interest rates on lending for trade — 16 percent or more — have had

only a modest impact on the banking sector's preference for trade.

The slight drop in private as well as public demand for borrowing to finance trade and services was coupled with an almost negligible increase in credit to the commodity sector, again indicating slight progress in the government's attempt to shift credit away from trade. The success in bringing the overall budget deficit under control, however, starting from the fiscal year 1982-1983, means that the burden on the banking system for making up the deficit was considerably lighter.

The result of prevailing economic trends is a steady increase in public-sector commercial banks' assets of 15.8 percent in 1982-1983 and an increase of private commercial banks' assets of 25 percent, against 31 percent and 102 percent, respectively, during the year before the streamlining measures went into effect, 1981-1982, according to the latest Central Bank report. With minor exceptions, the balance sheets of public and private commercial banks showed net profits ranging between 15 and 20 percent last year — satisfactory by normal standards but minimal compared to pre-1982 rates, which sometimes exceeded 100 percent.

Most local and foreign bankers agree in retrospect that the freeze on new banks was timely. The slowdown in demand after the streamlining, bankers said, justified the government's action in limiting the number of banks.

With demand for short-term loans shrinking, "those who were skeptical about the ability of the Egyptian economy to generate foreign-exchange assets to repay loans, while the balance [of interbank operations] with the Euro-market was growing, have started funding short-term on a competitive basis and began stretching maturities and lending on the medium-term and through syndications," said Fouad Sultan, chair-

man of Misr Iran Development Bank. He pointed out that with an estimated \$8 billion available to the banking system, against \$200 million seven years ago, these banks can easily use 20 or 30 percent of these assets for extending term loans. He described the process as the "normal evolution" of a system that has witnessed a sudden growth that took time to assimilate.

The increase in local and foreign funds available for banks to lend — partly due to the slackening demand on credit, the ceiling on lending and the overall rise in deposits — has led to a surge in interbank dealings and an outflow of foreign-currency assets invested by banks in the Euromarket. The consensus among bankers, however, is that this situation has had the positive effect of not only increasing the propensity for term-lending, but in particular promoting a readiness for syndication uncommon to the Egyptian market.

In the biggest syndication to date in Egypt, a public-sector bank is pushing ahead with a deal that seems likely to set a precedent. The National Bank of Egypt, the largest publicly owned financial institution, is lead-managing a \$240-million syndication totally covered by local banks for the new Alexandria iron and steel plant.

The current trends are challenging the professional capabilities of the newer banks, which stepped in during the boom years but are now finding it difficult to adjust to rationalized rates of return and increased competition for quality service. With some smaller banks showing signs of strain, a strengthening of Central Bank control seemed a logical step to prevent the deterioration of standards. Central Bank regulations were thus amended last spring.

"Before it was either an insignificant fine or threat-cutting, which we have never resorted to because it

was inconceivable for us to close a bank," said Ali Negm, deputy governor of the Central Bank. The range of alternatives for legal action, formerly either a simple warning or withdrawal of the bank's license, now includes four steps in between. Another significant amendment changed the Central Bank's board to include two private or public bank chairman, a representative of the business community, representatives of the ministries of planning, finance and economy, and the chairman of the Capital Market Authority.

Another measure taken last spring, which has temporarily confused the banking and business communities, was adding a new exchange rate for the Egyptian pound to at least four other recognized rates. The new rate of 1.12 pounds to the dollar was offered for remittances transferred by Egyptian expatriates through banks. Other rates include 0.40 pounds to the dollar for intergovernmental deals based on trade agreements, 0.70 pounds to the dollar for government imports and supplies, and an incentive rate of 0.84 pounds to the dollar for most other transfers of the private local and foreign sector. The fluctuating black market rate is about 1.24 pounds to the dollar.

The new rate was "simply another attempt to attract more funds from remittances and tourism," Mr. Negm said. The aim was to enforce "an amendment to regulate the banking and not a change of the currency rate," said the minister of economy and foreign trade, Muataz el-Said. The new rate, officials say, is the incentive rate of 0.84 pounds to the dollar plus a premium at a rate set periodically by the Central Bank that is intended to discourage transfers to the flourishing black market, which has an estimated total volume of more than \$3 billion.

— OLFAT TOHAMY



EGB

البنك المصري الخليجي

EGYPTIAN GULF BANK

Authorized & Fully Subscribed Capital
Paid up capital

US\$ 20 million
US\$ 10 million

EGB is a joint venture institution with the object of promoting growth and development in Egypt by:

- ★ Providing short and medium term credit facilities to finance development projects — industrial, agricultural, touristic and services in Egypt.
- ★ Providing convenient means of clearing and settling local and international trade transactions.
- ★ Managing funds on behalf of clients.
- ★ The Bank, in rendering its services to its clients, follows most up-to-date technology in banking.
- ★ Correspondents all over the world.

Address: Head Office and Main Branch — Cairo Center Bldg.,
2 Abdel-Kader Hamza St., Garden City, Cairo, Egypt.
(P.O. Box 50 Maglis Al-Shaab).

Telex: 93545 UN 7466 UN 23084 UN

Branches under establishment: Azhar Br., Heliopolis Br. in Cairo,
and Alexandria Br.

C. Rg. No. 215969



A Shining light in Middle East Banking



arab african international bank

International Head Office:
5, Midan Al Saray Al Jabra, Garden City,
Cairo, Egypt. Tel: 25094/5/6.

Subsidiaries: Branches:
Al Bahrain Arab African Bank (E.C.) Egypt: Cairo, Alexandria, Heliopolis
Egypt Arab African Bank Lebanon: Beirut, Al Hamra, Al Mazra'a.
U.A.E.: Dubai, Abu Dhabi.
U.K.: London.
U.S.A.: New York.
Bahamas: Nassau.

Representative Office
Khartoum, Amman, Tunis

... And Moves to Restore Standards

CAIRO — The Central Bank of Egypt, backed by the government, is stepping in to prevent a number of private banks from collapsing and, thus, restore the standards of banking, which have suffered lately under the pressure of fierce competition.

As a result of recent amendments to the Central Bank's regulations, effective control over the operations of all banks has been boosted. The Central Bank was previously empowered to withdraw a bank's license or levy an insignificant fine, but now has a wider choice in dealing with lawbreakers. It may start by warning, against further offenses, reducing or halting credit facilities offered to the bank, restricting its operations or setting a limit to the amount of credit it can offer.

It can also order a bank to deposit its assets with the Central Bank free of interest, require the board to meet in the presence of a Central Bank representative, or dissolve the board and appoint a Central Bank agent to oversee operations until a new board is appointed. In extreme cases, such as bankruptcy or the adoption of a policy judged as contradictory to the common interest, the Central Bank can withdraw a bank's license.

The amendments include provisions preventing banks from lending to board members directly or indirectly, and restricting any single customer from receiving loans amounting to more than 25 percent of the bank's paid-up capital. The Central Bank is also now legally

responsible for approving appointments for board membership, and it allowed to recommend to the minister of economy the cancellation of such appointments.

The Central Bank has applied the new rules to the case that triggered the review of banking regulations, Jammal Trust Bank, the branch of a foreign bank owned by Ali Jammal, a Lebanese multimillionaire, was the center of a \$22-million operation involving three other banks. The sum was the amount of postdated checks drawn on the bank, which were cashed by Faisali, Islamic Bank, Egyptian Arab African Bank and Al Ahram Bank. Jammal Trust refused to guarantee payment of the amounts cashed to these banks.

The case is being unangled by the Central Bank agent appointed to supervise operations on behalf of the dissolved Jammal Trust board. Mr. Jammal was placed under house arrest. He has claimed that the operation was carried out without his authorization.

Al Ahram Bank, the weakest of the three banks involved, was threatened with bankruptcy for several weeks, but Central Bank sources say it has started to recover. Attempts to bail out Al Ahram and Jammal Trust have met with difficulties because the former made loans without proper collateral, and the latter's three branches had offered individual clients loans exceeding 25 percent of capital.

Other banks' eagerness to maintain the standards their fear of a

possible spillover effect of a similar operation and the overrating concern about the reputation of the Egyptian financial community meant that moves to strengthen the Central Bank were largely welcomed. Its marked reluctance to adopt extreme measures to punish the banks involved in the Jammal Trust case relieved fears that its added prerogatives would mean overregulation of banking activities.

The 20 branches of foreign banks operating since they were allowed

admission nine years ago feel somewhat more vulnerable than their counterparts who have formed joint-venture companies with one of the four publicly owned banks.

The joint-venture operations — there are 10 of them — are not

necessarily protected by their Egyptian sponsors, who hold 51 percent of the bank's shares. These banks are

considered autonomous entities,

with their boards responsible for their performance. Egyptian sponsors admit, however, that they feel morally committed to their joint ventures with foreign banks and sometimes support the bank that partly carries their name.

Evaluating the National Bank of Egypt's experience with foreign partners, Mahmoud Abd el-Aziz, board member and general manager, minimized the importance of competition with the public-sector banks, which had dominated the scene for the previous two decades.

The fact that the new banks were

beginning operation at a time of unparalleled growth and in a large

area of foreign trade financing

is the main reason for the success of the new banks.

This seems to confirm the view

that the joint ventures and branches complement rather than compete with the publicly owned conglomerates, which control 41

percent of the banking system, with their deposits growing at a pace twice as quick as that of the other banks.

Despite the fact that the market has been open for private and foreign banks to operate over the last nine years and that their generally well-equipped offices

seem attractive, the majority of Egyptians prefer the Egyptian banks.

One main reason is that, while some of the foreign banks and the joint-venture banks have branches in some major cities, the National Bank of Egypt has a network of more than 160 branches throughout the country, and Bank Misr has about 300 branches in cities and towns. Moreover, with their long experience and strong base they are able to offer a wider range of services and instruments in local and foreign currencies.

Last spring's attempt to boost transfers from Egyptian expatriates through setting yet another exchange rate for the pound against the dollar has had a tangible yet minimal impact on these transfers, which are confined to the four public-sector banks dealing with certified exchange bureaus in Gulf countries. The four banks collected \$20 million during April.

The Banque du Caire is the only

Egyptian public-sector bank with

branches in the Gulf, including the locally incorporated Cairo-Saudi bank, which is spread all over Saudi Arabia. Fouad Saleh, general manager of one of its main Cairo branches, said that the Cairo-Saudi Bank provided two-thirds of the foreign-capital transfers made to his branch. He believes that the new exchange rate could further improve the public-sector banks' capacity to attract foreign assets and reduce reliance on their foreign counterparts.

— OLFAT TOHAMY

ALEXANDRIA KUWAIT INTERNATIONAL BANK EGYPT

You have
a future
in this logo



US \$
(in thousands)

1983 1982

Balance Sheet, Total	376,011	282,208
Equity (Capital & Reserves)	24,443	22,734
Customers Deposits	231,507	147,873
Loans & Advances	136,805	93,630
Portfolio Investment	5,305	4,819

Head office & Cairo Branch : 110 Kasr El-Eini Street, Cairo
Alexandria branch : 29 El Nabi Daniel Street, Alexandria
Heliopolis : 80 Khalifa El-Mansour Street, Cairo
Al-Azhar : 106 Azhar Street, Cairo

Branches under Establishment:
Giza - Mohandessien

— OLFAT TOHAMY

البنك الوطني للتنمية
national bank for development NBD

**EGYPT**

FOUNDED IN 1980
CAPITAL L.E. 50,000,000
NBD's FINANCIAL HIGHLIGHTS

	1982	1983
Total Assets/Liabilities	358	520
Customers' Deposits	133	189
Capital & Reserves	42	45
Loans & Advances	107	143
Net Profit	8	9

MAIN SHAREHOLDERS

- National Bank of Egypt, Misr Bank, Banque du Caire, Alexandria Bank, National Investment Bank
- Suez Canal Authority
- General Egyptian Petroleum Corporation.
- Along with many Private Citizens

Head Office and Main Branch:
48/50 Abdel Khalek Sarwats, Cairo - A.R.E.
Tel: 933331, 933559.
Telex: 94090 (NBD UN)

Other Branches:

- Babel Louk
- Zamalek
- Helwan
- El Azhar
- Kasr El Nil
- Heliopolis

AFFILIATES:

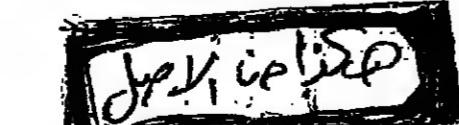
In 15 Governorates.

EgyptAir

WHEN YOU PLAN A VISIT TO EGYPT
START WITH EGYPTAIR



OFFICES ARE SITUATED IN MOST MAJOR CITIES IN EUROPE/ASIA/AFRICA
AND THROUGHOUT THE MIDDLE EAST.

**EGYPT****Rising Deposits Boost Demand For Specialized Bank Services**

CAIRO — Financial firms are sprouting in Egypt to cater to the pressing need for investment banking, but only a few seem equipped to capitalize on the increasing demand for specialized banking services.

The latest figures indicate that a new phase of growth has started, building on the high returns of the boom years of the late 1970s. Remittances from Egyptian expatriates and private savings are rising. The result is a 20-percent net increase in the banking system's assets. Deposits, representing two-thirds of these assets, contribute to the high rates of liquidity, favoring moves toward investment.

Faced with this wave of capital inflow and highly liquid assets, the banks could not resist extending the maturities of loans to private investors and indulging themselves in direct participation in various projects. The ceiling imposed by law on the amount of credit banks can offer — 65 percent of deposits — has added to the pressure on banks to open new channels for the extra funds.

With the boundary between commercial and investment banking blurred in Egypt, almost all of the country's banks — 4 publicly owned commercial banks, 39 private local banks and joint ventures between the public banks and foreign banks, 20 foreign bank branches and 10 companies registered with the Central Bank of Egypt as merchant and investment banks — are seeking to diversify their portfolios by raising their direct participation in ventures. This has meant overexposure for some

smaller, basically privately owned banks geared to commercial banking.

A case in point is Delta International Bank, whose investment portfolio includes a five-star hotel, a skyscraper and tourism projects. The leading weekly Al Abram Al Iktissadi, reporting on the bank's annual meeting, said a consulting firm and a trading company in which the bank's participation amounted to more than one-fifth of the capital had incurred losses exceeding the project capital. In addition, the Semiramis Inter-Continental Hotel and the Cairo Plaza office complex, in which the bank has participated or contributed loans, are facing serious delays in their completion. The bank also had to inject funds into the Al Abram Gardens Hotel company, the weekly reported.

Companies registered and operating mainly as investment banks have adopted a more cautious attitude toward the market and a better financial appraisal of projects in which they have participated. Misr Iran Development Bank and Arab Investment Bank are among the most successful specialized firms in development finance.

Individuals have tended over the last few years to form what they call investment companies, grouping small and medium-size investors who may have made their fortunes in the Gulf and have persuaded Arab friends to form a company. Without aspiring to match the standards of banks, these companies seek to invest funds with a minimum reliance on expert advice. Their capital ranges from \$1 million to \$5 million in most cases. As they seek quick re-

MIDB's chairman, Fouad Sultan, said the bank had the last word on financial assessment of all the projects it is involved in. He added that the bank had a pioneering role in projects aimed at developing financial services and developing the capital market in Egypt, including Misr Investment Finance Co. and the bank's subsidiary Misr Finance Co. for construction and building materials. The bank is adding a unit for acquisitions, and Mr. Sultan is leading a group of financial experts promoting the idea of leasing. He said he hoped a law allowing leasing would be enacted before the end of the year.

AIB has been growing steadily during the last five years, focusing on housing projects. It provided one-third of the capital for development of a suburb south of Cairo and participated in the formation of the Housing and Development Bank. AIB, which has a consulting subsidiary, is seeking to diversify by branching into acquisitions, and is moving outside Egypt to attract more Arab funds, said the chairman of the bank, Fouad Hashem, former minister of the economy.

Individuals have tended over the last few years to form what they call investment companies, grouping small and medium-size investors who may have made their fortunes in the Gulf and have persuaded Arab friends to form a company. Without aspiring to match the standards of banks, these companies seek to invest funds with a minimum reliance on expert advice. Their capital ranges from \$1 million to \$5 million in most cases. As they seek quick re-



Inside the Chase National Bank in Cairo.

turns, these companies often fall into risky ventures, such as real estate speculation, and often incur heavy losses.

"This is an individual rather than a corporate society, and it is hard to imagine how many individuals can put more than five million pounds in a project in the absence of public underwriting or an active securities market," said a financial consultant, Ahmed Foda. He said he sympathized with the small-scale, private-sector orientation, pointing out how few projects capitalized at more than \$50 million are wholly sponsored by private investors.

"Whether we like it or not, we are at a stage where the whole economy is unable to digest or manage projects of that magnitude," he said.

Many el-Emery, managing director of the Arab Investment Group, seems to have more faith in the

Egyptian economy's ability to fund big projects. He is adopting a more aggressive attitude toward the possibility of mobilizing funds on a large scale. The group, formed by Egyptian expatriates with Saudi, Bahraini and Jordanian partners, is beginning its operation with concerted efforts to draw more capital from Egyptian expatriates, using the group's expertise and contacts to direct it, Mr. Emery said.

"We have brought to the market professional standards that were previously unheard of," he said, pointing out that the recently formed company provides, in addition to technical advice, such services as syndication, acquisition, portfolio management and arrangements for issuing securities. It has completed the first major acquisition operation in Egypt: The Bank of Credit and Commerce of

EGYPT was merged into a joint venture with private Egyptian capital.

"They are ahead of their time," said the deputy governor of the Central Bank, Ali Negm.

"We see a tremendous need for investment banking services," Mr. Emery said, "and we are at least 10 years behind Arab markets and 20 years behind international money and capital markets."

A new trend in investment banking is slowly emerging, with Islamic banks providing various forms of financial packaging and equity participation unknown to conventional Western bankers. Based on the resurgence of Islamic principles and the ban on fixed interest associated with Islam, this variation on investment banking seems to be gaining popularity in Egypt.

— OLAF TOHAMY

Series of Steps to Strengthen Capital Market Appears to Work

CAIRO — A number of positive developments seem likely to lead to a strengthening of the oldest capital market in the region, which will celebrate its centennial soon.

By the number of companies registered and the value of securities available for trading at the market, the Cairo and Alexandria stock exchanges are among the biggest in the world. The volume of trading, however, amounting to about \$300,000 in April, for example, indicates that the market has not fully recovered from the blow it was dealt in the early 1960s as part of sweeping socialist changes.

Since its reactivation five years ago, a number of laws have been passed to help the market grow.

Incorporation procedures have

been simplified, leading to a substantial increase in the number of companies registered at the stock exchanges. The return of stocks has been made tax-exempt in certain cases, and public companies are legally obliged to register at the stock exchanges.

One of those closely monitoring the capital market is Hani el-Emery, managing partner of the Egyptian Financial Group. "We have discovered, along with other specialists, that the securities traded on the market are undervalued," he said. He suggested that the market could regain its attractiveness with some additional liquidity injected through individual investors, coupled with government directives for public-sector companies

to build up their investment portfolios by acquiring stocks. "The climate is ripe for offering incentives to small- and medium-size investors to pull out from under the mattress some of their idle and eroded savings," Mr. Emery said.

Many potential investors are re-

luctant to trade securities, placing their savings with banks instead. A study by Misr Iran Development Bank underlines the missing link between capital-owners and opportunities in the capital market, and points out that the surge in bank deposits is evidence of a lack of public awareness of the capital market's capacity.

The study also shows that banks,

except the Central Bank, and specialized institutions normally di-

recting large portions of their funds to the capital market actually invest only one-fourth of their deposit liabilities in securities.

Some investors' bad experiences with the market may partly justify the low demand.

The market value of housing and development bonds issued by the government over the last few years dropped below nominal value because the low interest rates fixed at the date of issue became obsolete with inflation and the recovery of interest rates. Shareholders in public-sector companies have often suffered the consequences of over-regulation, which in some cases prevented returns from trickling down to them.

Specialists agree that releasing

the government's grip on public-sector companies should help managers operate more economically, and that regular media coverage of public companies' activities and the annual publication of their balance sheets should boost confidence among buyers.

Mr. Emery also recommended that concrete measures be taken for the capital market to become a professional organization, and he believes that freezing interest rates from ceilings imposed by law, as well as waiving taxes on bonds, should provide a healthier environment for the market.

The recent formation of Misr Investment Finance Co. firm specializing in underwriting and the syn-

TAKE A CLOSER LOOK AT EGYPT'S REMARKABLE INVESTMENT OPPORTUNITIES

Egypt has the largest industrial base of any Arab country, a flourishing agricultural sector, a huge consumer market and is spending millions on development.

But where to invest in this dynamic economy?

Let the Hongkong Egyptian Bank show you the way.

Please send me the Hongkong Egyptian Bank Investment guide free of charge.

Name : _____
Company : _____
Address : _____
City : _____ Country : _____



Hongkong Egyptian Bank
the bank that knows

Main Branch Abu El Feda Bldg, Abu El Feda Street, Zamalek Cairo, A.R.E.
Tel: 604646 Telex 20471 HKEB UN
Helipolis Branch, 1, Raya Square Tel: 691666

DELTA INTER

Authored Capital
Pad Capital

The main provider
of local and f

HEAD OFFICE
113 Corniche
P.O. BOX 207
Telex: 9382
9383
Cable HKBC
Telephone: 1

17

ALEXANDRIA
MS EL CA
Burg El Seif
P.O. BOX 2
Telex: 543
Telephone: 1

17

TANTA
El Ahmed
P.O. BOX 2
Telephone: 1
Telex: 543

17

Mahmoud Fah
P.O. BOX 2

17

DOKKI
Abu El Head
Telephone: 1

P.O. BOX

SUEZ
21 Am
Telephone: 1
P.O. BOX

17

CAIRO AIR
HELIOPOLIS AL AL

EGYPT

Industrial Planning Shifts to Removing Reliance on Imports

CAIRO — Egyptian industry is entering a new phase, characterized by private-sector and foreign interest in helping reduce reliance on imported manufactured goods.

After the economic liberalization measures of the mid-1970's, the private sector seemed reluctant to invest in industry when lavish opportunities existed in other areas, especially construction and trade. The balance of trade problem resulting from the surge in imports and the waning of the rapid growth that was the hallmark of that period gave way in the current five-year plan, worked out under President Hosni Mubarak, to an emphasis on commodity production to reduce the trade deficit.

The private sector is being counted on to provide, separately or with foreign partners, one-fourth of the investment required during the five years, and reports by the Ministry of Planning indicate that once-reluctant private investors are living up to the government's expectations.

Egyptian entrepreneurs contributed one-third of the more than \$1.5 billion invested in industry during the fiscal year that ends June 30.

The oil, petrochemicals and heavy industries sectors are government-owned, and the state dominates the spinning and weaving, pharmaceuticals, chemicals and mining industries. The stress during the current plan is on maintaining and renovating existing plants, as well as on completion of projects under way, with only a little more than 10 percent of funds directed to capital investment.

The new projects focus on creating a base for local industry. One example is the giant Alexandria iron and steel project now under construction. It is due to begin production in two years with a capacity of 750,000 tons of reinforced steel a year. The total investment cost is \$800 million. Major projects starting operations this year include a ferrosilicon plant producing 28,000 tons a year and two aluminum manufacturing projects that will add more than 125,000 tons a year to the present production.

Other public-sector industries growing significantly this year, with the aim of partly replacing imports, are food processing and agro-industry. The petrochemicals industry is expected to produce an

exportable surplus of urea fertilizer this year for the first time.

Although the public sector has always benefited from protectionist measures that have extended its monopoly over vital industries, extensive government direction of its economic decision-making. Raw materials, energy and labor are directly subsidized by the government, and its imported requirements of capital equipment and accessories are acquired on the basis of preferential exchange rates and customs exemptions. But because of government price controls, among other things, more than one-third of the state-owned firms incur losses; these are later made up by injections of funds, further burdening the national budget.

One heavily subsidized industry that has been the subject of debate from the outset is the El Nasr Co., which makes trucks, buses and cars under license. It is often criticized for having failed after more than 20 years of operation to produce more than the mechanical parts and the body, remaining basically an assembly plant. El Nasr officials complain that, in spite of the low cost of production, which is supposed to provide a marketing edge, Egyptian-made Fiat models sometimes cannot compete with imports, especially inexpensive ones from East Bloc countries.

Egypt's continued reliance on imports for three-quarters of its needs apparently prompted Mr. Mubarak's call on a team of industrialists for an all-Egyptian car. After a survey of the market, a project for a new line of small and family-size cars was added to the development plan. Still, it is not an Egyptian model but a dozen top European, U.S. and Japanese manufacturers that have bid on the car; a decision is due before the end of this year. Output is expected to reach more than 100,000 cars of both sizes in five years. But El Nasr officials concede that, at least at first, the new cars will be mostly assembled. They expect the new cars' prices to be at least 25 percent lower than those of their imported counterparts.

Meanwhile, a privately owned plant is scheduled to start producing trucks next year and may make cars later. General Motors Egypt was granted a license two years ago to move that broke open one area

Improved Arab Ties Spur Growth

CAIRO — A fresh wave of eager Egyptian expatriates and Arab investors is renewing confidence in the Egyptian economy, giving new momentum to the 10-year-old drive to attract foreign capital and know-how. The trend coincides with the dust's settling after a period of uncertainty about Egypt's future following the assassination of President Anwar Sadat two and a half years ago. It is characterized by a proven willingness to commit larger capital funds for longer periods than ever before.

Many of the estimated two million Egyptian expatriates in the Gulf are drawn to invest in their homeland now that relations with Arab countries are generally improving and the danger recedes of losing their jobs because of the oil price squeeze. Their share in private-sector and joint-venture projects with foreign partners has climbed to more than two-thirds of the capital committed to projects approved by the Investment Authority by the end of last year. They have been given the same tax holidays of five or more years allowed by the Foreign Investment Law, encouraging the new attitude.

The development of better relations with other Arab states seems to have removed a barrier on private Arab investors during the difficult period that followed Egypt's establishment of ties with Israel in 1978.

(Continued on Next Page)

previously closed to the private sector and marked an easing of longstanding sensitivity about multinational corporations operating in Egypt. The project groups General Motors and its Japanese partner, Isuzu Motors, Egyptian private investors, who are providing one-third of the equity, and Saudi and Kuwaiti investors.

The understanding is that the domestically produced part of the GM trucks will reach 60 percent by the second phase, five years after production begins. GM is providing the management, know-how and training of labor. Pointing out the importance of those factors, GM's board member and acting chairman, Hany El Emam, said: "With the funds existing and the opportunity made available for

me to be associated with GM, I did not hesitate to join, even if it means waiting several years to get return on my investment."

Another breakthrough in the auto industry that could set a pattern for cooperation between the private and public sectors, drawing on foreign expertise and capital, is a planned Daimler-Benz truck assembly plant. Final agreement on the project seems imminent. Officials expect this plant, along with GM Egypt and El Nasr's car project, to cover most of Egypt's needs within five years. Like GM, the Daimler-Benz project is likely to be granted a five-year tax holiday as well as tax exemptions on capital equipment and parts to be assembled.

— OLFACT TOHAMY

Workers' Remittances Aid the Economy But Cause a Worsening 'Brain Drain'

By Elizabeth Taylor

CAIRO — The flood of cheap labor out of poorer Arab states into oil-exporting states after the oil price rises of the 1970's and the reverse flow of remittances have given rise to a significant, if partial, economic integration of all the states and to a regional economy dominated by oil. This integration, however, has been largely unregulated and unplanned, and the consequences are increasingly giving rise to concern by the poorer, labor-exporting states, such as Egypt.

Egypt is by far the largest exporter of labor in the area, accounting for about 43 percent of all Arab labor migrants. After 1973 the flow of labor out of Egypt began to accelerate rapidly. In 1975, with the unemployment rate is at least 12 percent and remittances account for about \$2.5 billion, such a prospect is viewed with alarm in Cairo.

At the same time, however, the high hopes for a beneficial economic impact from migration that abounded in the early and mid-1970's are now being tempered by a more sober assessment. It had been assumed that migration would reduce the unemployment rate, which was about 11 percent to the early 1970's; instead, the rate has steadily risen.

The rapid flow of labor abroad

after 1973 was a response not only to the expanding labor markets of the oil-rich states but to the liberalization of Egypt's economy. Dur-

ing the Nasser years, migration was tightly controlled by the government. Consisting mainly of professionals and bureaucrats chosen by the state, the Egyptian work force abroad was strictly regulated to be consistent with the country's policies to the Middle East and with its own manpower needs. After state controls on migration were lifted in the early 1970's, the flow of labor abroad sharply increased and it spread to all skilled levels. It has also been largely unregulated.

The Arab market for Egyptian labor has undergone many shifts in recent years, indicating the insta-

Migration affects village life. Page 15.

bility of the migrant labor market and the precariousness of Egypt's position within it. After the closure of Egypt's border with Libya in 1977, for example, illegal migration across the border came to a halt.

The Arab states' ostracism of Egypt after the Camp David agreements resulted in a severe cutback in the number of Egyptian professionals and administrators sent to these states.

More importantly for future trends, Saudi Arabia and, earlier, other Gulf states have been turning increasingly to high-technology and turnkey projects employing Southeast Asian labor. As a result, the share of the labor market going to unskilled Egyptian and other

Arab workers is declining. Indeed, were it not for the recent expansion of the Iraqi and Jordanian markets for Egyptian workers, Egypt's share of the Middle Eastern labor market might well have shown an overall decline in the 1980's.

Past shifts in the migrant labor market, as well as trends such as increasing competition from Asian labor and the slowing of investment projects to the oil states, indicate that the present rate of Egyptian migration may not be sustained.

If the rate declined, particularly for unskilled workers, it would create a return of migrant workers and reduce the remittances, which since 1979 have been Egypt's single most important source of foreign currency. As the unemployment rate is at least 12 percent and remittances account for about \$2.5 billion, such a prospect is viewed with alarm in Cairo.

At the same time, however, the high hopes for a beneficial economic impact from migration that abounded in the early and mid-1970's are now being tempered by a more sober assessment. It had been assumed that migration would reduce the unemployment rate, which was about 11 percent to the early 1970's; instead, the rate has steadily risen.

Thus, serious unemployment among the unskilled and young people exists alongside acute shortages of professionals and skilled workers. These distortions in the

domestic labor market are giving rise to alarm, as is a major "brain drain" that Egypt can ill afford. An estimated 48 percent of Egypt's migrants are professionals, skilled workers or artisans — groups that are expensive to train and not easily or quickly replaceable. Their leaving in such large numbers is hurting Egypt's development and placing a heavy burden on public-sector industry, construction and the already overstressed education and health services.

A further area causing concern is the flow of labor out of the agricultural sector. A severe shortage of agricultural labor has been reported throughout rural Egypt since the mid-1970's, although there has been a steep rise in male agricultural workers' real wages since then. This shortage is considered in official circles to be so acute as to constitute one of the worst crises facing Egyptian agriculture.

Recognizing the importance of the issue of migration, the government in 1981 created a Ministry of Migration and Egyptians Abroad. Special training centers have also been established to provide additional skilled workers in areas where there are shortages. Ways of keeping migration better in line with Egypt's labor needs are under consideration as well. Given the economic dependency created by migration, however, the question is how much room for maneuvering does Egypt have.

WE HELP BUILD THE FUTURE IN EGYPT

- Creating more jobs
- Increasing national products
- Transferring foreign technology

Our group activities cover the following fields ...

- Construction
- Industry
- Food production
- Banking and Insurance
- Hotel Services and Medical Care
- Engineering Services

all through our 36 affiliated companies

... our Turnover

LE 800 million
in Construction

LE 200 million
in Investment



THE ARAB CONTRACTORS
OSMAN AHMED OSMAN & CO

34 ADLY ST, CAIRO. Tel: 755011 Tlx: 92239 — OSMAN UN

pears to Work

DELTA INTERNATIONAL BANK

بنك الاتصالات العالمية

Authorized Capital 20 million US\$
Paid Up Capital 17.5 million US\$

The bank provides all banking services in local and foreign currencies.

HEAD OFFICE & CAIRO BRANCH
113 Corniche El Nile St. Cairo.
P.O. BOX. 1159, Cairo
Telex: 93831 DELTA UN
93319 DIB UN
Cable BNKDELTA, Cairo
Telephone: 753364 - 743293
753243 - 750989
753492 - 753484

ALEXANDRIA BRANCH
95 El Cornich Street
Borg El Sehela Bld. Azaria
P.O. BOX. 2460 Alexandria
Telex: 54580 Alexandria
Telephone: 21545 - 21564

TANTA BRANCH
12 Ahmed Maher Street
P.O. BOX. 280, Tanta
Telephone: 6163
Telex: 54246 DIB UN

MINIEH BRANCH
Mahmoud Fahmy El Nokrashi Street
P.O. BOX. 24, Minieh

DOKKI BRANCH
22 Adel Hussien Rostom Street
Telephone: 717080
714175
P.O. BOX. 293 DOKKI

SUEZ BRANCH
2 Luxor Street
Telephone: 3888
P.O. BOX. 47 Suez

CAIRO AIR PORT BRANCH

HELIOPOLIS BRANCH
15A Al Ahsam Street.

at the technical know-how of the Hongkong Sino-foreign joint venture
together with inside knowledge of investment opportunities
and free investment guidance
for our clients we will show you

HKB
Hongkong Egyptian Bank
the bank that knows

**EGYPTIAN GENERAL AUTHORITY FOR
THE PROMOTION OF TOURISM**


**"They conceived their architecture
like men a hundred feet tall"**

Jean-François
Champollion

THE NILE BANK

In Egypt where the Nile River is the source of life you will find the Nile Bank to help and advise you whenever you do business. The Nile Bank offers you all perfect banking services.
* Authorised Capital US\$20,000,000 fully subscribed by Egyptian individuals (paid up \$20,000,000) as at January 1983.

*The bank deals in foreign currencies as well as Egyptian Pounds.

BALANCE SHEET AS AT DECEMBER 31, 1983 (in Million Dollars)

	1981	1982
	(1\$=0.83LE)	
Total Assets and Total Liabilities	234.5	271.4
Assets		
Cash and deposits with banks	130.3	162.6
Loans and advances	82.5	80.2
Investments at cost	8.5	11.9
Bank premises at cost	6.6	7.6
Liabilities		
Deposits and current accounts for clients	142.6	151.3
Deposits and accounts due to banks	48.5	67.2
Total shareholders equity	23.4	32.0

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON DECEMBER 31, 1983

Total income	24.9	25.0
Total expenses	17.6	17.0
Total profit for distribution	7.3	8.0

Head Office:

35 Raoues St., Cairo (Abdel Moneim Riad Sq.)

Telephone: 741417 - 743502 - 749187 - 753947 - 751105

Telex:

Cable:

P.O. Box:

Heliopolis Branch:

Telephone:

El Haga Branch:

Telephone:

Manshi Branch:

Telephone:

El Giza Branch:

Telephone:

Alex. Branch:

Telephone:

Telex:

Cable:

Alex. Office:

El Mansoura Branch:

Telephone:

Shoubra Branch:

Telephone:

El Mohandesia

Islamic Branch:

Telephone:

Souha Branch:

Telephone:

Damietta Branch:

Telephone:

NEW BRANCHES:

Telephone:

Tanta Branch:

743540 - 29785 BANIL UN - 93368 BANIL UN

NIL BANGPT

2741 Cairo

26 Ibrahim Street

889241 - 693598 - 692859

Heliopolis Zone (A), 190 El Haga St.

867694

87 Street 9

565340 - 505390 - 504480

32(A) Mourad Str. Giza

723350 - 723470

Cairo International Airport

8 Champollion St. (Al Azaria)

27022 - 964189 - 25886

54485 NILBALEX

NILBALEX

Maritime Port Free Zone (El Ameria)

211 Al Gomhouria Str.

58322 - 24925

94(A) Shoubra Street Road, El Faraq Sq.

648749 - 648337

Arab League Street (Zamalek Sporting Club)

809492 - 809465

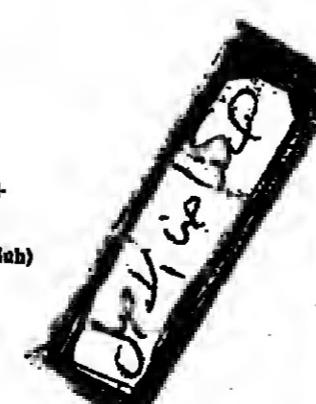
8, El Gomhouria Street

24243 El Louzi Str., Hassan El Zayat Bldg.

24 El Giesh Street

Branches under establishment:

El Minia — 15 May City — Helwan — Aswan — Zagazig — Asuit — Port Said



EGYPT

Improved Arab Ties Spur Foreign Investment

(Continued From Previous Page)

No private Arab investors want as far as withdrawing funds from ventures; now intimidation at the official level is waning and more influential Arab businessmen are raising the profile of their investments in Egypt. At the end of last year Arab investments in projects neared one-fourth of the capital invested separately or in conjunction with the Egyptian private sector. By far exceeding other foreign sources, Arab capital now accounts for almost two-thirds of the foreign capital invested in Egypt.

One important aspect of the trend is that many ventures approved recently are medium- and long-term projects. With the market saturated with five-star hotels, banks and foreign manufacturers' offices, the newcomers are turning to projects more in line with the government's drive to reduce imports, and thus are responding to a great extent to calls for refurbishing the economy's productive sector, particularly in industry.

Gulf Arab Investment Co., a holding company with an authorized capital of \$500 million dollars, seems to be going farther than any other major Arab investor, with its planned equity participation in a

truck assembly plant. Not only does this ambitious project underline the extent of the company's enthusiasm, but the fact that the other main partners in the Daimler-Benz license agreement include a major public-sector company points to a new attitude on the foreign investor's part.

Taha Hussein, Gulf Arab Investment's general manager, emphasized that the company intended to create an image different from the one characterizing Arab investment in Egypt over the last decade. With the exception of a military garage, the company, he says, is resisting involvement in real estate development.

It remains to be seen whether the Investment Authority, which is in charge of licensing and monitoring private-sector and foreign investment projects, will capitalize on the trend. The authority has to a certain extent managed to streamline its procedures. But it remains difficult for an organization that has swollen over the years and continues to share some of its prerogatives with other government organizations to respond instantly to the needs of potential as well as existing investors.

—OLFAT TORAMY

Economic Growth Rate Sets Steady Pace

(Continued From Page 7)

modity exports should be no more than \$700 million together. A concerted effort is being made to promote industrial and agricultural exports. An Export Development Bank with capital of \$50 million was set up last year to explore new markets and improve the packaging and transportation of products.

Invisibles have again performed well. Figures for the first 10 months of this financial year suggest that worker remittances will top \$3 billion this year. Cash transfers, which account for about one-fourth of total remittances, were up 25 percent at \$854 million, in the first 10 months. The Suez Canal will probably gross more than \$1 billion this year for the first time (although the net figure after expenses will likely be less than half that), but tourist revenues for the first nine months of this fiscal year are down slightly. In all, net services could be \$3.2 billion to \$3.3 billion this year, giving a current account deficit of \$1 billion to \$1.2 billion.

From the beginning of next year, however, the balance-of-payments picture begins to cloud. Oil revenue is expected to slip \$200 million because of higher domestic consumption. Workers' remittances are unlikely to grow dramatically, since the authorities are now bringing in remittances more effectively and opportunities for work in other Arab countries are diminishing. In the absence of any major new source of foreign exchange, the slack will have to be taken up by industrial and agricultural exports.

These now account for no more than \$700 million together.

A concerted effort is being made to promote industrial and agricultural exports. An Export Development Bank with capital of \$50 million was set up last year to explore new markets and improve the packaging and transportation of products.

The vulnerability of exports in the face of a drop in oil exports points to a sharp increase in wasteful consumption and to strengthen the industrial base. Here the economic planners are treading a perilously thin line, going for maximum economic growth to install as much productive capacity as possible, which will eventually ease the pressure on imports but in the short term creates bottlenecks and inflationary pressures on the balance of payments, and does not necessarily lead to efficient investment.

The government has been highly successful in meeting its investment targets and reducing the aid backlog. Investment expenditure has been running at 25 percent of total expenditure. For 1983-1984 it was 4.4 billion Egyptian pounds. With the exception of the oil sector, whose budget has been trimmed, all production sectors have met the investment targets of the current five-year plan.

The authorities have laid great stress on adhering to the plan, which is a return to a more formal

structure after the looser, "rolling" plans of previous years. It is also more oriented toward production and exports. Its 8.1-percent average growth rate, although lower than the previous year's, is still ambitious.

The 1982-1983 growth rate was a little under 8 percent, well below the 8.5-percent goal, and spending targets were exceeded.

The net deficit to be financed by the banking system will almost certainly be higher than the budgeted 1.3 billion Egyptian pounds, especially after President Hosni Mubarak's call last month for a 20-day bonus pay for all workers, which will cost 225 million pounds.

It is difficult to know how much subsidy there has been in subsidy costs. The aim had been to bring them down from 2.04 billion pounds to 1.686 billion pounds this current year. No figures for expenditures have been given for 1982-1983. The previous year, the final subsidy bill was 400 million pounds, higher than budgeted.

Nevertheless, the authorities are having some success in containing the growth in the money supply. It is now about half the 42-percent rate of 1981-1982, which has helped keep the inflation rate down to 16 percent.

More important for the balance of payments, and for the wrong signals it gives to the economy, is the \$3.5-billion to \$4-billion hidden subsidy on oil — the difference between what Egyptians pay for Egyptian oil and what it would cost if exported.

The structural distortions created by subsidies are the greatest threat to Egypt's recovery, as the wasteful consumption they engender comes at the expense of capital expenditure when the going gets rough. With the struggle to create productive jobs for the 400,000 young Egyptians entering the labor market each year, high growth rates are essential.

The low level of reserves — they equal about one month of export earnings — undermines the fragility of Egypt's recovery. The debt problem is reasonable — the nonmilitary external debt is \$17 billion to \$18 billion — but, increasingly, new loans taken out to cover installations on concessionary terms are costing more and raising the cost of debt service. The purchase of U.S. weapons has also added greatly to the burden, increasing the debt service ratio from 20 to 25 percent to more than 30 percent.

In the absence of any immediate need for financing, Egypt has decided not to approach the IMF for a new credit. The government would like an agreement with the IMF to give its economic program greater credibility with foreign lenders, but it is unprepared to accept IMF terms. If its economic package is sufficient to keep the recovery on course,

down the consensus about the Egyptian government, which is heavily dependent on U.S. largesse.

The Israeli pullback was delayed indefinitely by the refusal of Syria to sign a similar accord with Lebanon. Under pressure from the Syrians, the Lebanese government abrogated the accord with Israel, leaving the question of the Egyptian envoy further in question.

Mr. Mubarak has resisted calls in the Arab world to renounce Israel altogether and to drop the pro-U.S. orientation of Mr. Shultz. And, although there was not much Egypt could do directly, Mr. Mubarak constantly supported the U.S. efforts in Lebanon and was unhappy and disappointed by President Ronald Reagan's seeming haste in pulling out the U.S. Marines last winter.

But given the contradictions in the Middle East and the difficulty for the United States to chart a steady path in relations with any country in the region, the ties with Cairo have been fairly steady on questions where the Israelis are not involved. For instance, the United States and Egypt share a strong antagonism toward Libya and its meddling in other countries, particularly the Sudan, where Egypt has particular security concerns.

When the Sudanese have felt threatened by the Libyans, the Egyptians have been prompt in offering political and military support and the United States has sent AWACS surveillance planes to team up with the Egyptian Air Force in providing security.

Mr. Mubarak has been careful, however, not to dramatize the U.S. connection. Egyptian officials have sharply limited news coverage of the annual joint Egyptian-U.S. maneuvers and have tried to play

down the consensus about the Egyptian government, which is heavily dependent on U.S. largesse.

Every time Israel's aid level from Washington has been raised, so has the Egyptians' interest in the region. Despite the chilliness in relations between Israel and Egypt, Congress has maintained the high level of assistance, \$1.2 billion in military grants that do not have to be repaid and \$750 million in economic grants. In part, that is the continuing reward to Egypt for the peace treaty with Israel, but there is also a genuine belief that a strong, stable Egypt is crucial to overall U.S. interests in the region.

U.S. military aid "provides essential support for the military, a key institution in Egypt," the State Department said. "As the weapons Egypt received from the Soviets more than 10 years ago becomes obsolete or unsatisfactory, it is critical that adequate replacements from Western sources be made available in order for Egypt to remain a credible counterweight to radical forces in the region."

The Egyptians have U.S. F-4 Phantom fighters, advanced E-16 fighters and the sophisticated E-2C surveillance planes. The United States has also sent Egypt M-60 tanks and armored personnel carriers.

The State Department said U.S. economic aid was

reign Investment

ets Steady Pa

*

EGYPT

Amiability in the Bureaucracy Masks a Crippling Obstacle to National Growth

CAIRO — A visit to the headquarters of the General Organization for Industrialization in Cairo's Garden City district is an education in the workings of the Egyptian bureaucracy.

Employees, in gestures of fraternal solidarity, tip the elevator attendant the odd five piasters; an atmosphere of scruffy, egalitarian gentility prevails. It is an amiable rabbit warren of a building where the plans for much of Egypt's industrial development and many shattered private-sector hopes lie buried in heaps of dusty files. For GOFI, as it is known, is the redoubt of the ancien régime, the last bastion of Nasser socialism against the fat cats and wheeler-dealers of the open-door era.

For many businessmen, GOFI long symbolized Egypt's legendary bureaucracy. To run the gamut of its opposition was to court disaster. Approval from the Investment Authority or the Ministry of Industry itself would mean little without GOFI's blessing. Indeed, ministers were known to have a sudden change of heart when GOFI appeared on the scene.

GOFI has in the past though less so now that there is a more clearly defined presidential policy played the inertia of the system and the lack of an organized flow of command to further his ideological ends and so preserve its power. Other government organizations, on the whole, have had less-exalted ambitions.

In the delicate balance of interdepartmental

dealer excesses inevitable with an open-door rivalry, the advancement of one organization at the expense of others — as happened in 1980 with the Investment Authority, where the staff was more than quadrupled in two years and salaries raised to three times the civil servant's norm — is deeply resented and leads to endless trouble. The bureaucracy is so strong that its cooperation has to be bought with a strict regard to prerogatives and territories.

Nasser gave the bureaucracy a new lease on life when he nationalized most of the country's economic base in the early 1960s. Commissars' poor economic performances, exacerbated by the drain of funds to military expenditure,

funded by foreign capital, that would create real jobs and so relieve the pressure on the public sector, allowing it to reduce staffing to more productive levels. But not enough jobs have been created in the private sector to make wage and subsidy reform acceptable for the average public sector worker; the strategy required workers to have faith that one day there would be enough jobs for them to make the jump into private-sector employment.

The disparity between private and public-sector salaries — an English-speaking secretary just out of the American University in Cairo can earn as much as a ministry undersecretary — has sharpened the divide. The public sector has due in its heels, and for the time being it has won, although attitudes may soften under President Hosni Mubarak, who is more sympathetic to the public sector than was Anwar Sadat.

The root problem with the bureaucracy, however, goes much deeper than the fears of public-sector workers for their livelihood. It involves a whole ethos that seeks advancement by preference rather than performance, a system of trading favors. It is a system that is particularly hard to overthrow in traditionally minded Egypt, where personal relations are so important. "We are a very sentimental people," said an Alexandria businessman. "We will support a friend even if he has done wrong."

This attitude has encouraged the wheeler-

dealer that has not been sufficiently controlled. Mr. Mubarak is having difficulty curbing corruption without embarking on a witch-hunt that would hurt both public- and private-sector industry.

"In the free-for-all of *infidat*" — the open door policy — "who is to say they haven't got some infringement that can be laid against?" a businessman said.

Often a manager or entrepreneur has to bend the rules to get anything done, be it the informal hiring of someone in the Investment Authority to make sure his investment application is not shuffled into an unused "out" tray, or a public-sector manager accepting contributions from foreign companies to establish an incentive fund for employees to process their applications more quickly. Because no lines are drawn between acceptable and unacceptable conduct, everyone who takes an initiative is vulnerable. The instinct of the Egyptian manager is therefore to do nothing, avoid making decisions, and create the impression of activity by forming committees and generating paperwork.

A attempt has been made to untie the public-sector companies from the government's apron strings. In the case of the Suez Canal Authority and the oil ministry these have been successful because both can generate foreign exchange. In general, however, most public-sector companies cannot do so; thus they rely on the government for hard currency for capital investment, have no control over wage structures or the retail prices of their products and have fallen back on large overdrafts at accommodating state banks.

The most profligate public-sector managers are being brought to account, according to Saïd el-Serafi, who manages KABO, a highly successful public-sector textile company. A parliamentary committee has suspended the board of another textile company while it looks at the books.

Mr. Serafi said he no longer had any trouble offering his work force incentives: "I am running a public-sector company like the private sector from the point of view of wages," he said. He attributed the poor performance of some public-sector companies to bad management.

A different view was given by another public-sector manager, who has been known to virtually repress tycoons and experts from foreign companies to draw up complicated legal documents his employees were unable to provide.

His efforts at making his department efficient, he said, have met with resistance and hostility. He described the experience as "heart-breaking," as he sees himself being passed over in favor of others more amenable to the system.

"Egypt is suffering from committee disease — everything has to be referred to committee," he said bitterly. The authorities, he said, "don't know who has done well and who has done

badly. They are not in the business, so they don't know what has been done."

The bureaucracy, as well as being a self-perpetuating elite, is also a classic breeding ground for groups or agencies that gain the power to withhold a vital service. An example is the Alexandria customs agency. It has cultivated a system of mind-boggling complexity. At one time goods had to go through 40 different procedures, with documents arranged in the right order, to clear customs. The procedures have been reduced to a mere 18. Even so, customs officials often change what they want for business, which encourages corruption.

For the foreigner attempting to do business in Egypt, the bureaucracy is bemusing. Most of the time the obstacles appear to be manufactured to keep armies of government employees occupied. Given their low salaries, they cannot be too harshly condemned for working a little harder if *baksheesh* is passed their way. Then too the delays are often the result of the different tempo of a society that does not regard time as money. And with organizations such as GOFI, one runs into ideological obstacles.

Nothing will change until Egyptians pay more lip service to state institutions — paying taxes, for instance. And as Sadat said during the 1973 war, "It will take generations for Egyptians to change."

— ALAN MACKIE

A Guide to Making Life a Bit Easier in a Hectic Capital

By Simon Ingram

CAIRO — Cairo has long been saddled with the reputation of being one of the world's most frustrating cities, and for all the extensive infrastructure renovation now under way there is little confidence in the resident business community that better times are imminent.

New road overpasses appear almost monthly, but for most of the day downtown traffic rarely accelerates beyond a tedious crawl.

On good days, international phone calls can be placed in minutes, but attempts to reach a number in a neighboring block often result in wrong numbers and exasperating silences. The recent inauguration of a 21-million Egyptian pound electronic exchange in Zamalek, one of the city's most affluent districts, sent the entire phone system haywire.

The underground train system now under construction is easily the most grandiose project attempted to date, but as earth-movers continue to wreak havoc in the city center two years after the work started, the average Cairene's skepticism at the value of imported technology is understandable.

However, mistrust of things foreign has not so far, noticeably eroded the Egyptian's much-revered friendliness to visitors. An unwary pedestrian roundly abused by the driver of a taxi who narrowly missed him as he sped through a set of red lights may disagree, but to older hands Cairo remains a charmed spot. The knowledgeable expatriate can find everything from a Scandinavian sauna to a sunset aboard a Nile sailing boat.

The visiting executive may feel the urge for one or both of these quicker than he imagines. Long

days spent trying to haggle and above an apparently innocuous investment proposal around the endless bureaucratic obstacle course erected by a variety of ministries and other more-or-less-interested institutions has, in the past, been enough to plunge any but the most patient person into despair.

Procedures have reportedly been speeded up considerably under the present minister of international investment and cooperation, Wagih Slimy, who has repeatedly promised to eliminate the delays that prospective investors have had to go through.

Red tape at the Customs Authority in Alexandria port, however, remains as convoluted as ever, and an energetic clearing agent for consignments arriving at Cairo's airport is a vital part of a foreign company's payroll. Even so, delays are practically unavoidable.

Courier firms are experiencing increased difficulties entering and leaving the country as the government seeks ways to give its own service a boost; negotiations on the matter are under way.

Egyptian currency regulations are also tangled. The announcement in late March of yet another exchange rate for the dollar confused matters still further, though the new rate is considerably more advantageous to the foreign visitor than the existing four rates were. Banks now buy dollars at an incentive rate of 112 piasters to the pound, but hotel bills, airline tickets and visa fees still have to be paid at the old rate of 0.83 pound to the dollar.

Moreover, joint venture companies established under Law 43, the central plank of Egypt's foreign investment policy, are ineligible to buy hard currency at the banks and must go to the free market, where each dollar carries a six- or seven-percentage-point mark-up.

Good food is plentiful, with a profusion of fresh fruits and vegetables in the street markets. High-quality meat is available only on weekends, as

yet foreign executives continue to make Cairo the stepping-off point for their Middle East operations, as the large turnouts for the monthly American Chamber of Commerce luncheons show. The annual international fair regularly attracts sizable delegations from more than 30 countries, an indication of the significant place that Egypt, for all the frustrations involved, occupies in boardroom opinion.

In some respects, things in Egypt are looking up, though veterans who remember the austerity of the 1960s tend to spot these changes quicker than most people do.

Hotels, for example: The 25-year-old Nile Hilton, long unrivaled in standards of comfort, has been joined by such competitors as the Marriot, erected (a little gaudily for some) around the splendor of a 19th-century khedivial palace, and the newly opened Gezira Sheraton, whose upper-floor guests get butler service and a private elevator.

Those with crowded schedules can avoid the chaos of central Cairo by running entire business trips from the Heliopolis Sheraton, Cairo Concorde or Novotel, all within minutes of the international airport. A single room in a five-star hotel will cost about 56 pounds; a double about 70 pounds.

Apartment rents appear to be leveling out after a decade of astronomical rises. A spacious Nile-side spread will cost 800 to 1,600 pounds a month, while a one-bedroom apartment in central Cairo can be had for about 400 pounds.

Good food is plentiful, with a profusion of fresh fruits and vegetables in the street markets. High-quality meat is available only on weekends, as

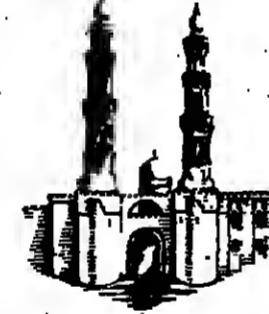
butchers are required to close Sunday through Wednesday. Prices are rising fast, but are still comfortably below European levels.

Cholera scares are as frequent as the pipe leaks that regularly flood the streets with raw sewage and corrode the antiquated power and telephone cables beneath. Cautious foreign residents stick in bottled mineral water, and rarely stray beyond the steadily expanding circuit of passable European-style restaurants.

Swissair in Giza (phone 729-487 or 728-488), Don Quichotte in Zamalek (phone 806-415) and the Cairo Sheraton's La Mamta (730-333 or 731-555) are established favorites. Closer to the city center, Estoril (743-102) and Carroll (746-434) offer just the kind of calm and quality most likely to restore the frayed nerves of a harassed executive.

Nightspots are in shorter supply. Most leading hotels admit hotel guests to their discotheques (the Nile Hilton's Jackie's and La Baroo at the Heliopolis Sheraton are the best known), but the competition should heat up this summer after the night-club entrepreneur Regine opens her latest nightspot at the Gezira Sheraton. The infamous Pyramids Road, meanwhile, continues to draw a largely Middle Eastern clientele with more home-grown attractions.

Just getting around in the Cairo region presents problems. Taxis are still cheap — if you can find one. A 10-minute ride should cost more than a pound, though, as the driver will quickly point out the meter is no longer any guide — drivers rarely if ever bother to turn their meters on. Hourly rentals start at 20 pounds. Mercedes limousines can be found at the airport and major hotels. A reasonably reliable price list is usually available.

**BANQUE DU CAIRE (S.A.E.)
EGYPT**

One of Egypt's leading commercial banks and one of the largest too
Our most valuable assets Experience, Flexibility & Efficiency
"Make Banque Du Caire your first port of call!"

Financial Statement as at 30th June, 1983
In thousands of pounds

LIABILITIES

	L.E.
Capital, Reserves & Provisions	350,441
Deposits & Current Accounts	2,446,675
Banks & Correspondents	221,498
Sundry Credit Balances	178,150
	3,196,764
Contra Accounts	1,394,779
	L.E.
ASSETS	
Cash in Hand & Balances with Banks & Correspondents	1,557,915
Total Investments	180,856
Total Advances & Loans	1,388,277
Sundry Debit Balances	69,716
Contra Accounts	3,196,764
Net Profit	1,394,779
	45,603

Joint Ventures:

Banque Du Caire Barclays International Bank/Egypt

Banque du Caire et de Paris/Egypt

Cairo Far East Bank/Egypt

Saudi Cairo Bank/Saudi Arabia

Cairo Amman Bank/Jordan

and participating in the following banks:

Suez Canal Bank/Egypt

Housing & Development Bank/Egypt

Egyptian Gulf Bank/Egypt

National Bank for Development/Egypt

Egypt Arab African Bank/Egypt

Commercial Industrial Bank (Al Herafyoon)

Egyptian Bank for Exports Development

Participations in 31 other companies in various activities:

105 Branches & Offices in Egypt

4 Branches in the U.A.E. & one in Bahrain

HEAD OFFICE:

22 Adly Street, P.O. Box 1495 — Cairo — Egypt

Telephone: 762545 — 749669 — 745574

Telex: 92022 — 23438 — 92838 BNKHR — UN (Cable: BANKAHER)



TO DISCOVER EGYPT...

COME TO SHERATON.

Come to the land of age-old luxury
where personal service is a proud
tradition. Come to the full experience
of world-class hotels, to food and wine
served with expertise and grace...
ashore in the historic land of Egypt or
afloat on the river Nile, watching the
monuments of the Pharaohs drifting by.
Whether your needs are for business or
simply to relax, get to know Egypt,
Sheraton-style. Come soon to stay.

**Sheraton Hotels in Egypt**

Sheraton Hotels, Inns & Resorts Worldwide
The hospitality people of **ITM**

For reservations or information, call your travel agent or the Sheraton Reservation Office.

S

ALEXANDRIA, MONTAZAH SHERATON
CAIRO, CAIRO SHERATON
EL-GIZIRAH SHERATON
EL-HOLYLIS SHERATON
RED SEA, HURGHADA SHERATON
LUXOR & ASWAN, SHERATON NILE CRUISES

Alexandrian Officials Trying to Turn Back 2 Decades of Neglect

ALEXANDRIA — This is the quintessential city of dreams, a figment of the imagination of numerous poets more in love with the mythology of Alexander's city than the reality of its modern renaissance as a bustling port built on the wealth of Egypt's cotton boom.

Thanks to the port and the financial weight it gave the business community, Alexandria had a municipal authority long before Cairo and indeed before many large European cities. Under its watchful eye residential Alexandria expanded eastward, well away from the dockland slums, along the narrow isthmus that protects Lake Maryut from the sea, toward El Ma'mira and Abu Qir. Acres of urban villas attest to this era of gracious living, though many have since been pulled down to make way for modern apartment blocks.

Since the 1952 revolution, however, it has been downhill virtually all the way for Alexandria. The tentacles of central government stifled the autonomy the city once enjoyed as Egypt's gateway and premier port. Neglect, overcrowding and the relentless, often mindless Arabization of its Mediterranean heritage have left "the pearl of the Mediterranean," as the dated guidebooks still like to call Alexandria, looking tawdry and the worse for wear.

Four years ago, a visionary governor, Naim Abu Taleb, was determined to restore Alexandria to some of its former splendor. Taking Anwar Sadat, then the president, at his word — that Egypt needed to decentralize — Mr. Taleb began looking for ways to generate local funds.

He did not last long. A former colleague said: "Naim's mistake was to think he was king of Alexandria. In Egypt there is only one king." More to the point, his moves to open up Alexandria's Nouzha Airport to international flights, to set up a maritime bank to aid development and to promote Alexandria abroad — he had a wildly ambitious plan to develop Alexandria as a financial center — ruffled feathers in Cairo, where ministers and civil servants were quick to note the implications for their areas of authority.

Subsequent governors have kept a much lower profile, but the issues of decentralization, tied in with the role of the public sector in development, are as live today as they were then, and the problems are deeply resented by the business community, which wants a better deal for Alexandria.

This dissatisfaction surfaced recently when a number of members of the Chamber of Commerce, led by its deputy chairman, Ali Zaki, decided to form their own group. The organization, which has more than 100 members, feels the chamber has not adequately promoted the interests of the private sector nor Alexandria as an investment location.

The group has sought meetings with ministers and is preparing a memorandum on how to revive business confidence, which was badly undermined by measures last year to curb luxury imports. Denied access to government-account imports, which are handled exclusively by the public-sector trading companies, the private sector feels threatened by the measures. It feels it could handle imports more efficiently than the public-sector companies and wants a slice of their business. It is also calling for the customs service to be streamlined.

To promote investment, 10 members of the group, led by the former governor, Mr. Taleb, are considering setting up a finance company. They are also proceeding independently with an agriculture project to produce vegetables for export on a 5,000-acre (2,018-hectare) site near Dikhaela on the western approaches to Alexandria. They also intend to set up a construction company and are planning a tourist village on the northwest coast. They are looking for foreign partners.

This new private-sector assertiveness will be welcomed by potential foreign investors. However, Alexandria has always had the advantage of location — close to export markets and the port — fewer difficulties in acquiring land and relative freedom from Cairo's red tape. Union Carbide, Warner Lambert and Colgate-Palmolive have plants in Alexandria, and there is a solid base of small local and Arab-owned joint ventures.

Sheridina, a small clothing manufacturer operating in the Amriya free zone, is typical. After a year in production, the managing director, Djemil Akl, is considering doubling capacity. Like many others, he started building before he had investment approval, hooked up to water, sewerage and telephone, sorted out a fluctuating power supply

(Continued on Page 16)

Armed Forces Modernization Spurs Growth of Arms Industry

By Robert Bailey

CAIRO — Egypt's long-cherished ambition to be the center of a pan-Arab military equipment industry has been stimulated by the modernization program for the forces, which started five years ago.

A principal aim of the 10-year program to replace Soviet with Western equipment is the development of domestic manufacturing of most military items. This is intended to avoid dependence on imports and further encourage exports of munitions and weapons, now thought to be worth \$1 billion a year.

The program has a substantial domestic market to build on. Egypt's armed forces are the largest in the region with almost 500,000 personnel. The military plays an influential part in national decision-making, as well as a more significant role in the economy than is generally acknowledged. The army, for example, is engaged in a wide range of nonmilitary activities, particularly in agriculture, telecommunications, road improvements and housing.

The desire to develop wide-ranging armaments production stems from an influential policy-making group. President Hosni Mubarak, a former head of the air force, is chairman of the National Defense Council, the country's main military policy forum. Other leading figures are Mohammed Abdel-Hamid Abu Ghazala, who is defense and military production minister

and deputy prime minister; and the chief of staff, Lieutenant General Abdel Ghafour el-Orabi.

Mr. Orabi said Egypt was self-sufficient in small arms, mortars and most calibers of ammunition, and had almost reached the same level with regard to rockets and howitzers.

The head of the air defense forces, Lieutenant General Sayed Hamdi, has been quoted as saying that Egypt is producing all of the 23mm guns for its Soviet-supplied ZSU 23-4 batteries as well as other missiles and warheads for Soviet-designed weapons. The Sakr Factory for Developed Industries in Heliopolis, near Cairo International Airport, is an important manufacturing center, employing about 5,000 people on rocket and missile work that began with production of Soviet Katyusha rockets more than 30 years ago. Among its latest products is an infrared-seeking portable surface-to-air missile based on the Soviet SA-7.

Egypt's armaments production is overseen by its Military Production Industries and the Arab Organization for Industrialization (AOI). Production by the former for the Egyptian armed forces is thought to be worth about \$300 million a year. Saudi Arabia, Qatar and the United Arab Emirates participated in the latter until Egypt signed a peace treaty with Israel in 1979, although the reason was as much internal feuding as Camp David. Egypt insists the AOI is still a legal entity, however, the nucleus

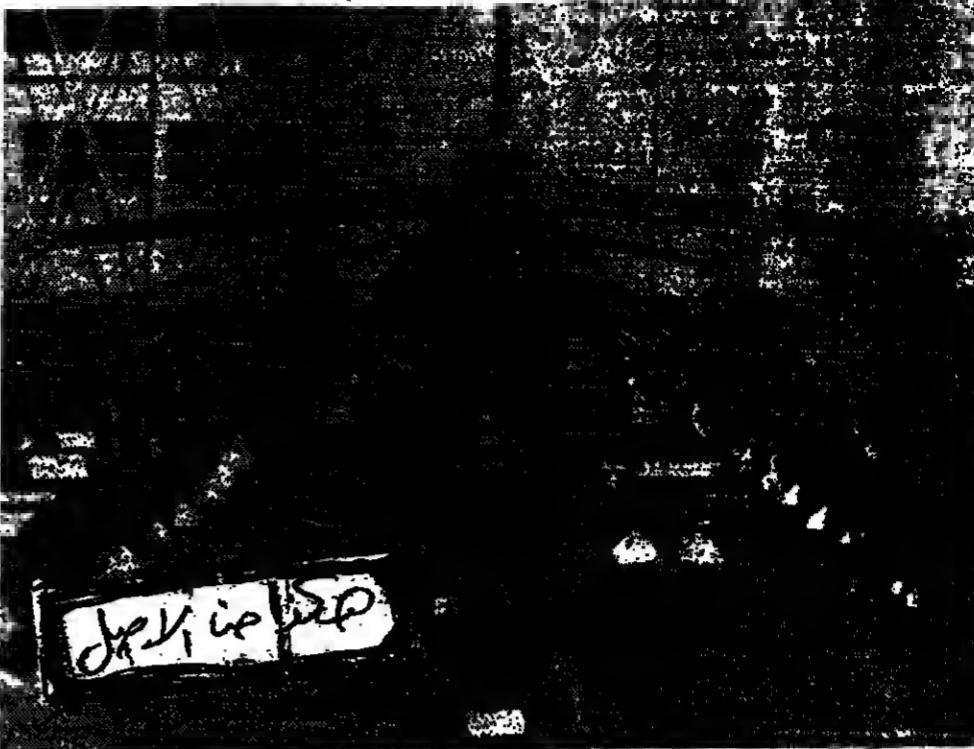
not only of major weapons systems production for the armed services but of exports in the long term.

The AOI was set up in 1975 with capital of \$1.04 billion, of which Egypt contributed four factories instead of cash. Two of the factories belonged to Helwan Aircraft Co. The others were the Sakr and Qader factories.

Previous Egyptian attempts to make military equipment had been overambitious. Most projects — including the HA-300 fighter aircraft, whose prototype was built at the Helwan factory near Cairo, and a planned turbo-jet engine — never got into production. Shortage of money was the critical factor. Interest in developing local military production was revived only by an infusion of Gulf funds in the mid-1970s.

Several joint ventures were established with foreign companies, some of which are still operating. Arab British Dynamics produces about 50 Swingfire anti-tank missiles a year. These are mounted on CJ-6 Jeeps produced locally by a joint venture involving American Motors Corp., another survivor of the AOI. A deal with Britain's Westland to assemble Lynx helicopters collapsed.

Egypt's armaments production is overseen by its Military Production Industries and the Arab Organization for Industrialization (AOI). Production by the former for the Egyptian armed forces is thought to be worth about \$300 million a year. Saudi Arabia, Qatar and the United Arab Emirates participated in the latter until Egypt signed a peace treaty with Israel in 1979, although the reason was as much internal feuding as Camp David. Egypt insists the AOI is still a legal entity, however, the nucleus



The Alfajet Aircraft manufacturing plant.

nology is coming from the United States and France; the latter's Aerospatiale has filled the void left by Westland. The first Egyptian-assembled SA-342L Gazelle helicopter, produced in co-operation with Aerospatiale, was handed over last December.

Most of Egypt's military tech-

Another revived AOI project is assembly of the Franco-German Dassault/Dornier Alpha jet. Its importance is that it provides Egypt with a high-technology aerospace production base. The first 20

Helwan is preparing to start production next year of the Brazilian Embraer EMB-312 Tucano trainer aircraft in addition to the Alpha jet. One hundred and eight out of an order for 120 Tucano aircraft will be built in Egypt as replacements for the air force's Czech L-29 trainers, which are also locally assembled.

Electronics is a prominent feature of Egyptian military production plans. The Beahla electronics factory, 30 kilometers (18 miles) north of Cairo is the most important domestic manufacturer of military electronics equipment. It employs 2,500 people making radio equipment. Negotiations are under way with Westinghouse to make its TPS-63 radar system under license; 8 have been bought and the proposal to co-produce 34.

Much of what is proposed for aircraft, radar and other military-related manufacture and assembly will require substantial investment of money and skilled labor. The former is the tougher problem. Egypt has run into trouble in meeting interest payments on its U.S. credits. In the long term, the dream of self-sufficiency in military production may require attracting Gulf capital again.

Delays in Developing Northwest Coast

by Churchill in World War II.

Aware that square kilometers of the northwest coast were not to be had for love or money since the coast had been carved up by small syndicates and societies, Mr. Abdel-Haleem urged his Qatari shareholders to buy. The Northwest Coast Development Authority (NWCPDA), the agency set up by the government to oversee the coastal development, agreed to the sale. Next a Law 43 company had to be formed to buy the land, as Arab nationals are allowed to own land only for their personal use. Protected negotiations then began anew with Sheikh Ibrahim for the renunciation of his family's rights. Eventually, after many problems over registration, the United Investment and Development Co. (UNIDO), the Law 43 company was called, found itself owner of a few fig trees, some undulating

dunes of chalk-white sand and the kind of solitude that nowadays commands a high price for exclusivity.

Exploiting that exclusivity has been a different matter. Today, four years after the site passed into UNIDO's hands, it is in pristine condition, guarded closely by soldiers looking for hashish and arms smugglers from Libya. Plans for a Moorish-style tourist village to serve the local and international market remain on the drawing board. In arriving at the present state of germination, the site has been passed into the Antiquities Department — the site lies at the foot of the second-century B.C. temple of Qaita, the tower of which gives Borg el-Arab its name — the War Department, the Ministry of Reconstruction and New Communities, the Ministry of Tourism, the Investment Authority

and the NWCPDA. Having got, or at least been promised, all the necessary permissions, the shareholders decided to raise more capital by forming a new company, Borg el-Arab Tourist Co., specifically to develop the project. Its capital of 30 million Egyptian pounds, 51 percent subscribed by UNIDO and the rest by private Egyptians and Qatars, is more than enough to build the first phase of the 88-million-pound project.

A British construction management team has been lined up to design and supervise the building, but work has not started. Final approval was postponed by the Investment Authority last month enabling the contracts for the design work to be signed this month. Plans to start site work in September and construction at the turn of the year have had to be postponed.

— ALAN MACKIE

Oil in Egypt

by Abd El Nady Kandeel

Chairman, The Egyptian General Petroleum Corporation

OIL exploration activities have been intensified since 1973, and a number of new discoveries have added nearly 2.5 billion barrels to proven reserves. More than \$1.4 billion has been spent on oil exploration from 1973-1981. Production of oil and natural gas has increased during the period 1974-1983 from 7.5 million tons to about 36 million tons. However, domestic consumption during the same period has grown from 6.5 million tons to nearly 18.6 million tons.

NATURAL GAS. Recent exploration activities have resulted in the discovery of several fields of dry natural gas. A pipeline is under construction to gather associated gas which has been increasing with growing oil production. Hence, the amount of natural gas produced and utilized has rapidly increased from 33 thousand tons in 1975 to nearly 2.8 million tons in 1983. It is anticipated that natural gas will play an important role in the energy mix. To accelerate this role, the Egyptian concession terms have been recently modified to allow for greater incentives to encourage foreign companies to explore for natural gas.

Exploration Egypt is now experiencing a large-scale program for petroleum exploration and development. Since 1973, Egypt has concluded nearly 74 exploration agreements with international oil companies.

Another 20 more agreements are expected to be ratified soon. Under the already effective agreements, the companies are committed to spend nearly \$1.41 millions on exploration over about 8 years. Along with this, the companies have paid Egypt signature bonuses of \$139 millions.

During the period 1973-Feb. 1982, exploration drilling amounted to 2.7 million feet, nearly 100% of all exploration drilling since the discovery of oil in Egypt to the year 1973. During the same period over 320 exploratory wells were drilled, total company outlays on exploration since 1973 had already topped their total obligations of \$1.41 millions. The result was the discovery of about 45 new fields of oil and gas which are now producing or being evaluated and developed.

In addition to the attraction of the Egyptian production sharing concessions, and to these specially high success ratios in oil finding, Egypt has certain inherent characteristics

Gharadik gas fields, a gas project is under construction to recover all Gulf of Suez associated gas and to transmit it to Suez and Cairo consumers. Recently, we passed a law that will provide special incentives to foreign oil companies to explore for natural gas as a separate industry.

Refining and Petrochemicals

The expansion of the refining industry is a goal of the Egyptian Petroleum Sector in order to satisfy domestic con-

sumption and to allow for the export of certain products. Egypt's refining capacity slumped in the 1967 war to 2.6 million tons in 1972, about 17 million tons in 1983 and is expected to reach nearly 20 million tons by next year.

In addition to extending the present refining processes to involve the production of certain petrochemicals, a petrochemical company has been established with a capital of nearly \$100 million. Investment in petrochemicals is expected to reach several hundreds of millions over the next few years. Among the much needed petrochemical products to meet growing domestic consumption, a day or 50 tons per year is expected to be reached by mid 1985.

Production

Petroleum production, including natural gas, has increased from 8.5 million tons in 1973 to 36.0 million tons during 1983.

The fiscal year has been modified from a calendar year to a year that begins July 1. The official target of one million barrels a day or 50 tons per year is expected to be reached by mid 1985.

Distribution and Transportation

The Five Year Plan of the Petroleum Sector emphasized the importance of distribution and transportation as a phase of integrated industry. Accordingly, the following major projects have been executed or are underway:

1) The transmission of natural gas from the production to the consumption areas.

2) The SUMED pipeline is operating with a full capacity of 80 million tons per year, and is transporting Arab crude from the Red Sea to the Mediterranean Sea. A further enlargement to 120 million tons capacity is under study.

3) A number of pipeline projects are underway, the most important of which is to transport crude oil from the Gulf of Suez and Cairo refineries, with a capacity of 8-15 million tons.

Domestic Consumption

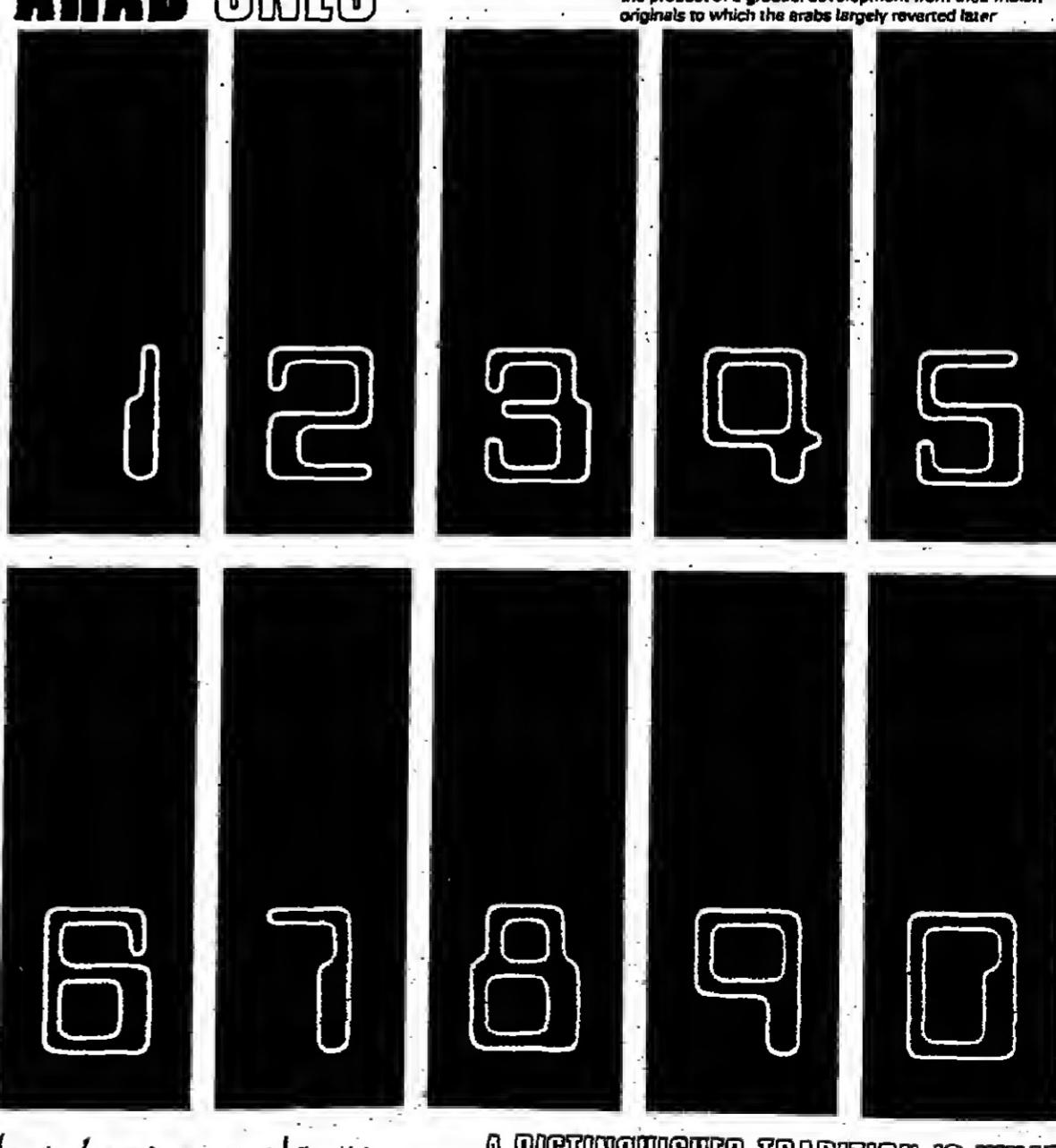
Domestic consumption of petroleum products (including natural gas) has increased from 3.1 million tons in 1972 to 7.3 million tons in 1975 and in 1983. Two more million tons of bunker fuels are sold at home to foreign ships and aircraft using Egyptian ports. Oil and gas consumption will continue to rise in the future unless we apply vigorous measures for energy conservation which are difficult to handle especially in a fast developing economy like Egypt.

To achieve such a challenging program, a Supreme Energy Council was established under the chairmanship of the Minister of Petroleum. The major outcome of the Council's efforts to date has been the mobilization of massive effort and capital (mainly oil revenue) to finance a nuclear program for electricity generation.

Balance of Trade

Total exports of the Petroleum Sector (government share) have jumped from \$63 million in 1973 to \$294 million in 1983. Total imports by the Sector totalled \$180 million in 1973, and about \$803 million in 1982-1983, thus turning a deficit in 1973 of nearly \$120 million to a surplus of nearly \$219 million in 1983. Despite the marketing difficulties,

OUR NUMERALS ARE THE ANCIENT ARAB ONES



A DISTINGUISHED TRADITION IS WHAT GAVE THIS ARAB BANK ITS LEADING INTERNATIONAL STATUS

ARAB INTERNATIONAL BANK

HEAD OFFICE 35 Abd el-Khalik Sarwir Street, CAIRO, ARAB REPUBLIC OF EGYPT. TELEPHONES 918794, 916120 CABLES ARABINBANK, CAIRO. TELEXES 92079 AIB, 92273 AIB, 92341 AIBEX, 92098 AIBEX, 316 AIBEX, 317 AIBEX.

Arms Industry

Agricultural Expertise Fails to Reach Farmers in the Fields . . .

By Neil MacFarquhar

CAIRO — Late at night peasants from the governorates surrounding Cairo converge on the export terminal at the airport's cargo village. Their trucks wobble under mountainous loads of garlic, watermelon, peaches, string beans — a seasonally varied harvest that they stack in the parking lot when the terminal overflows. By morning it is gone, packed onto planes bound for Europe and the Gulf.

The abundance is deceptive. Growers fulfill local demand for fruits and vegetables, but Egypt is a long way from recapturing the self-sufficiency in food that it lost a decade ago. The bill for food imports — at least 50 percent of consumption — was \$2.5 billion last year, less than in previous years, because of lower grain prices, but still painful.

Government officials acknowledge that Egypt may never be able to feed itself. They predict, however, that within 10 years most imports will be eliminated while increased exports of cash crops such as strawberries will balance the cost of imported wheat and other staples.

But independent observers say the few extra tons of fruit sent overseas last year or higher yields in terms of selling seeds and other new products. "The farms are 97 percent private sector. The government must get out of the business of running farms," said Yousef Wally, the minister of agriculture.

In the past, Egyptians avoided investing in agriculture because of

investment in agriculture is limited to a 3-percent annual increase in the current five-year plan. If the budget for land reclamation and infrastructure such as drainage is included, the figure jumps to 10 percent.

The astronomical costs and low productivity of the land reclaimed thus far do not deter the government from backing large reclamation projects. Under the five-year plan, 636,000 acres (256,280 hectares) are to be reclaimed, 130,000 of which have been completed and sold to private investors. Some buyers are not developing the land for agriculture but hoping to make a profit from rising land prices.

There is a continuing policy tug-of-war between the government and aid organizations, which are reluctant to pay for reclamation. They feel it amounts to pouring money down a hole, especially since any increase in overall acreage is quickly lost to urban growth onto rich agricultural land. Experts argue that the government should instead invest heavily in increasing yields from the existing six million acres of farmland.

But the government believes the private sector should undertake investment in agriculture, especially in terms of selling seeds and other new products. "The farms are 97 percent private sector. The government must get out of the business of running farms," said Yousef Wally, the minister of agriculture.

In the past, Egyptians avoided investing in agriculture because of

extensive government controls. Farm gate prices — the money paid by the government to farmers for their crops — were kept low to defray the food subsidy program. The surplus was sold abroad at international prices and the profits — the major source of foreign exchange — invested in industrialization. But agricultural exports now earn only 11 percent of Egypt's foreign exchange, having been dwarfed by workers' remittances, Suez Canal tolls and oil sales.

Food subsidies now amount to 15 percent of government spending. Recent food riots in Tunisia and Morocco served as a sharp reminder that tampering with subsidies is politically explosive. But more money from other sectors means the government can remove some of the burden of underwriting subsidies from farmers.

Many prices have been deregulated or brought closer to international levels. Mr. Wally said that he would like to turn the entire sector into a free market, but that complete decontrol is not possible because crops such as cotton are tied in with other sectors of the economy.

Still, price controls have been eliminated on citrus, watermelon, and grapes — and the number of carts selling them on Cairo streets seemed to double overnight. Farmers now get international prices for fava and soya beans and the prices the government pays for wheat, sugar cane, peanuts, lentils and cotton have been raised.

But this has not convinced farmers to grow more, because the kind of food Egyptians want to eat is changing. The number of villagers who migrate to the city and begin to eat more meat rises every year. This keeps prices high, so farmers raise more livestock. Thus a vast amount of land is used to grow highly profitable livestock feed. "We are abusing the most fertile land in Africa to grow forage crops," said Mr. Wally.

Experts agree that "you can't just go out and plant the entire delta in string beans," said one private-sector food processing executive. "The peasants don't know how to cultivate them. There are no extension services and no market outlets. Changes can't be announced without doing the donkey work."

Experiments have shown that vegetable yields could be increased 260 percent, and grain yields 70 percent. Higher yields have begun to break down the peasants' skepticism toward new, non-Egyptian varieties of crops.

With new plants and new techniques, Mr. Wally confidently predicts that Egyptians will be eating mostly locally grown food by 1994. He believes lentil imports — now 80 percent of consumption — will be eliminated in four years. For corn, he says, it will take five. Wheat will be imported "for a long time," but within seven years the export of strawberries from 15,000 acres — five times the current acreage — could pay for all wheat imports, he said.

Since research and extension projects are just beginning, experts say that expectations of across-the-board progress are overly optimistic. "You can't get the peasants to change their ways in a couple of years," said a U.S. expert. A variety of problems needs to be overcome, including the adaptation of some machines to fragmented plots, overwatering and poor drainage.

The government has completed 21 of 150 mechanization stations just go out and plant the entire delta in string beans," said one private-sector food processing executive. "The peasants don't know how to cultivate them. There are no extension services and no market outlets. Changes can't be announced without doing the donkey work."

Experiments have shown that vegetable yields could be increased 260 percent, and grain yields 70 percent. Higher yields have begun to break down the peasants' skepticism toward new, non-Egyptian varieties of crops.

With new plants and new techniques, Mr. Wally confidently predicts that Egyptians will be eating mostly locally grown food by 1994. He believes lentil imports — now 80 percent of consumption — will be eliminated in four years. For corn, he says, it will take five. Wheat will be imported "for a long time," but within seven years the export of strawberries from 15,000 acres — five times the current acreage — could pay for all wheat imports, he said.

But oranges and potatoes are easy crops to export because they do not rot easily. In a country where about 30 percent of fruits and vegetables rot before they reach local consumers, handling, packaging and marketing have to be improved to succeed with exports. The food processing industry also has great potential, but needs to be modernized.

The government hopes the private sector will rise to the challenge, but exports have long been controlled by the public sector, so few Egyptians have the experience needed to compete in international markets. Even if Egypt could cultivate 15,000 acres of strawberries, one company executive argued, they would be extremely difficult to sell in Europe because the market is supplied by many growers.

In Arab markets, on the other hand, Egypt has a distinct advantage in that it shares similar tastes and is geographically close. One Egyptian-French venture began a year ago sold \$1 million worth of luxury fruit jam in Saudi Arabia.

Officials of this company say the higher percentage of sugar compared to European jams, loyalty of Egyptian consumers abroad and the fact that advertisements from Egyptian television can be picked up in western Saudi Arabia all contribute to an expected 12-percent annual growth in sales abroad. They would like to ship even more, but cannot because of what they termed excessive Egyptian export regulations.



At work at a Cairo construction site. Increased migration from the farms to Cairo and jobs in Gulf have caused a decline in farm manpower. In some villages, more than half of the male population has migrated.

. . . Labor Shortage Reaches Village Level Because of Migration to Cities, Abroad

DAHSHUR — "Nothing is more like one Egyptian village than another Egyptian village," wrote one observer of the Egyptian countryside more than 40 years ago. Today, it is less the homogeneity of rural Egypt that would strike even a casual visitor than the great diversity in, for example, cropping patterns, levels of mechanization and agricultural commercialization.

The migration of labor abroad has played its part in this variety of agricultural styles and village life, for migration has not been uniformly experienced across the rural sector. Whereas in some villages more than 50 percent of the active male labor force has migrated, other villages have been scarcely touched by migration. In such a context it is hardly meaningful to talk about a "typical" Egyptian village. Reference to the impact of migration of one village can, however, illustrate some of the trends

and processes set in motion by migration.

The village of Dahshur, with a population of about 9,000, is 45 kilometers (27.9 miles) south of Cairo in the narrow strip of land that forms the valley to the west of the Nile. Dahshur's farmers produce high-value vegetable crops, primarily for the Cairo market, as well as subsistence crops for their own consumption.

In the 1950s and 1960s, landless agricultural laborers were in cheap and abundant supply in the village. With agricultural wages at bare subsistence level, these laborers were, in this village — and, indeed, throughout rural Egypt — the poorest strata of village society.

Today, landless agricultural labor has virtually disappeared from the village. Two factors primarily account for this: the migration of agricultural laborers abroad, and

their absorption into the village construction sector, whose boom is a result of the investment of migrants' savings in new and improved housing.

For the first time in this century, the village is experiencing a shortage of agricultural labor.

The first villagers to migrate were poor peasants and landless laborers who left in small numbers at the end of the 1960s. With the help of neighboring bedouins they crossed the border with Libya to work in Libya's expanding agricultural and construction sectors. By the mid-1970s labor from most sectors of Dahshur's economy had joined the flow, which by the end of the decade was also moving to Saudi Arabia, Jordan and, more recently, Iraq.

Although only 10 percent of the village's households have members working abroad, the impact of migration has affected many areas of village economy and social life. The capitalist sector of village agriculture has been most severely hit. This is about 10 percent of the village farmers who work their land solely by means of wage labor. Land in Dahshur is relatively evenly divided, and capitalist farming is small-scale, compared to that in villages with a more unequal distribution of land.

For capitalist farmers the labor shortage and consequent real rise in male farm workers' wages have resulted in a severe profit squeeze. Unable to invest in mechanization, many of Dahshur's capitalist farmers are sharecropping their land.

The labor shortage has affected the peasant sector of village agriculture far less acutely. Peasant producers, either live off remittances or invest their savings in nonagricultural enterprises. This has not happened in Dahshur. The relative value of remittances and revenue from

they have relied on wage labor at peak periods, they have been able to respond to the labor shortage in ways not open to the capitalist farmer.

By increasing the work of male family members and by using women in agricultural tasks traditionally assigned to men, the peasants have been able to compensate to a large extent for the shortage of wage labor, as well as for the possible migration of one of their household members. The labor shortage has, thus, not threatened the viability of peasant farming in the way it has capitalist production.

In other parts of the Arab world, notably North Yemen, migration has led to the marginalization of peasant agriculture. Peasant families either live off remittances or invest their savings in nonagricultural enterprises. This has not happened in Dahshur. The relative value of remittances and revenue from

generally boosted by migration, the standard of living of most village farmers has not shown a comparable rise. Indeed, throughout the rural sector, the trend over the last decade has been a decline in living standards for many villagers. In Dahshur — and throughout the rural sector — villagers are increasingly having to turn to the private sector to supplement declining state aid. This places a heavy financial burden on many village families. Thus additional income is necessary merely to maintain past standards.

To the extent that this income is provided by migrant remittances and by the boom in those sectors of the village economy that have been stimulated by migration, the village has become dependent on the continued export of labor to maintain living standards. In light of the decline in demand for peasant and unskilled labor in most Arab labor-importing states, this is a precarious position for the village to be in.

— ELIZABETH TAYLOR

Arab Investment Group



Arab Investment Group

Investment Bankers

Main Office

55 Giza Street, Cairo.
Tel: 723759/729248/733460
Tlx: 20110 - AIG UN

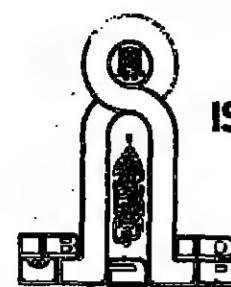
Your Financial Partner
in Egypt and
around the World.

MIBANK's clients benefit
from many decades of
international banking
experience. Its four founding
banks — Banque Misr, The
First National Bank of
Chicago, Banco di Roma
(Holding) SA Luxembourg,
UBAF Bank Ltd London —
are industry leaders in all

the world's major money
markets. And their network
of banking correspondents
in the world's capitals of
commerce give MIBANK's
customers instant access to
funds and professional
banking advice in every
corner of the globe.

MIBANK
MISH INTERNATIONAL BANK

14, Alfi Street, Cairo, Egypt.
Tel: 922676 - 932747 Telex: 92165 MIBCAI



بسم الله الرحمن الرحيم
ISLAMIC INTERNATIONAL BANK
FOR
INVESTMENT AND DEVELOPMENT

المصرف الإسلامي الدولي للإيداع والتنمية

WHEN

*Planning a Capital Project
Looking for Factual & Halal Investment
Searching for Accurate and Integrated Services*

WE ARE YOUR BANK

- The first 100% Egyptian Islamic Bank in Egypt
 - First class banking services in local and foreign currencies in accordance with the holy Islamic Sharia.
 - Full integrated package of Islamic investments (Musharakah — Murabaha — Mudharaba) for short term investments and Redeemable Participation on basis of profit sharing and risk bearing concept for medium and long term investments, in lieu of interest based loans.
 - Transactions through a world wide network of correspondents.
 - Our complete net of branches planned to cover Egypt, Arab and Islamic world and main international financial markets.
- HEAD OFFICE AND MAIN BRANCH**
4 Addy St., Masha Square, Dakki, Cairo,
P.O. Box 180 Orman — Giza.
Tel: 843298 — 843936 — 846418 — 846439.
Telex: 94248 I.B.I.D. — U.N.
Cable: ISLAMA SRAF — Cairo.
- OTHER BRANCHES**
 ★ Maaroof (Cairo City)
 ★ El-Mena
 ★ Tanta
 ★ Mansoura
- REP. OFFICE: Sharja — U.A.E.**
Branches to be opened in 1983: ★ Alexandria ★ Al Azhar
★ Zagazig ★ Maadi ★ Mehalla ★ Luxor.



SUMED Pipelines and Superports

Savings in distance

The SUMED pipeline is a short-cut to European markets for crude oil from the Arabian Gulf.

Via:	To: Rotterdam Netherlands	For: Antwerp Belgium	Augus t
African Cape	11,170	10,780	11,140
SUMED pipeline	6,430	6,690	4,970
Saving	4,740	4,090	7,070

Savings in time

The SUMED pipeline makes crude oil available at Sidi Kerir within 13 days of loading in the Arabian Gulf. Considerable time savings are therefore made in supplying Arabian Gulf crude oil to European markets.

Via:	To: Rotterdam Netherlands	For: Augus t
African Cape	33	32
SUMED pipeline*	22	14
Saving	10	17

* Assumes five days for the SUMED transfer.

Improved through-transport economics

Large volumes of a single type of crude oil can be moved from the Arabian Gulf in bigger vessels than can be accommodated in the port of ultimate destination. Crude oil is offloaded into the pipeline at Ain Sukha and lifted at Sidi Kerir in vessels which meet the size limitations of individual European ports. By using the pipeline in this way, as kind of superport or transshipment terminal, both large and small shippers of crude oil can optimize the use of their vessels and avoid the costs of two-port discharging or lightering at ports serving European refineries.

It is also possible for a large tanker to part-discharge its load into the pipeline at Ain Sukha, transit the Canal part-laden and reload to its full capacity at Sidi Kerir.

In this way, the SUMED pipeline and the Suez Canal function as complementary facilities to aid shippers in the optimal use of their vessels.

Cargo flexibility

A single large tanker can load two different types of crude oil in the Arabian Gulf and discharge them into the pipeline system. Two smaller vessels can then lift the different crude oil types and make deliveries which meet the needs of individual European refineries, thus avoiding two-port discharging or lightering.

Similarly, two large tankers can each load one type of crude oil to full capacity at different Arabian Gulf ports, thus avoiding two-port loading. Both crude oils can be simultaneously offloaded into the SUMED pipeline and lifted at the Mediterranean end by a variety of smaller vessels, each destined for a single European port.

Savings in inventory investment and storage costs

As a result of distance and time savings and the flexibility which the pipeline makes possible, considerable savings can be achieved by users in tankage and inventory investment. Furthermore, smaller, more frequent deliveries of crude oil mean that shippers can respond better to fluctuations in refinery operations; shortages and surpluses are thus less likely to occur.

Competitive tariff structure

The SUMED tariff rates are structured so that total through-transportation costs are competitive with those for other routes. Users of the pipeline therefore remain cost-competitive with other shippers.

The whole SUMED pipeline system is within the boundaries and under the jurisdiction of one country. Disruptions of pipeline services, such as those that have occurred on other systems, are therefore not a threat.

Furthermore, the line and the ports are owned and operated by a company which enjoys a considerable degree of autonomy within the Arab Republic of Egypt. For example, SUMED has a fully independent administrative system and users of the line incur no port charges.

SUMED Pipeline Owners

	Number of Shares	%	Initial Value (US \$ millions)
Arab Oilfield National Oil Co. (ADONCO)	6,000	15.00	60.0
General Petroleum & Mineral Organization of Saudi Arabia (Petrotrum)	6,000	15.00	60.0
Egyptian Foreign Trading Contracting & Investment Co.	5,690	14.32	56.9
Kuwait Investment Co. (SAK)	300	0.75	3.0
Egyptian Metal Pipe Industries Co.	10	0.01	0.1
Cairo National Petroleum Corp. (EGPC)	2,000	5.00	20.0
Egyptian General Petroleum Corp. (EGPC)	20,000	50.00	200.0
TOTAL	46,000	100.00	460.0

Arab Petroleum Pipelines Co. (SUMED)



Alexandria (Head Office)
9 Amn Yehia Street
Zaytun
P.O. Box 2056, Alexandria, Egypt
Tel: 6413864/346157
Telex: 34293 SUMED UN

Alexandria (Operations)
16 Syria Street
Rashid
P.O. Box 2056, Alexandria, Egypt
Tel: 843298/843936/844939
Telex: 54108/54033 SUMED UN

EGYPT



Cairo residents crowd the beachfront in Alexandria.

Alexandria Tries to Turn Back Two Decades of Neglect

(Continued From Page 14)

and began production. Now — when Alexandria customs permits — he is supplying major European retailers with men's trousers.

Alexandrians resent the fact that they see so little from the 80 percent of the nation's trade that passes through the port, and the fact that their city annually accommodates half again its usual population of three million to give jaded Cairenes a breath of sea air. Tourists pack the 15-kilometer (9.3-mile) corniche, fouling the beaches and adding significance to the city's pollution problem. "We spend a lot to make them comfortable," said one businessman. The municipal tax on hotel rooms in no way covers the costs.

The government has not been stingy, however, in developing Alexandria's industrial base, which accounts for just under 40 percent of the country's industrial activity. One billion Egyptian pounds is slated for investment in the current five-year plan.

A large part of the refinery capacity and many public-sector spinning and weaving factories are based in the Alexandria region. So is Egypt's embryonic petrochemical industry. Alexandria also produces glass, copper and iron, soap, sugar and tanned leather.

One of the largest industrial developments is the steelworks being built by the Japanese at Dikella. Site work for the \$800-million project has just begun. A new port is being built at Dikella, around the bay from Alexandria, to feed the plant. Within three to five years it will have developed sufficiently to be incorporated into Alexandria Port, doubling its capacity.

The port itself is constantly being improved; early next year a container terminal is to be opened. To serve the expanding docks, a new freight railroad to Cairo has been opened and the desert road improved to highway status. It is shortly to have soft.

No have Naim Abu Taleb's dreams of making Alexandria a fairer city died. Alexandria University, in conjunction with Britain's Liverpool University, recently completed a comprehensive plan for the city beyond the turn of the century. Master-minded by an academic, Molten Zahran, Alexandria 2005 aims to ease the exceptionally high population densities in the port area by relocation and expanding the city westward to 20 to 30 kilometers (12 to 18.5 miles).

Lake Maryut will be a focal point, a leisure area in its own right and a natural boundary between urban and the industrial zones, which will be south of the lake and run its length round to Amriyah. A green belt will limit Alexandria's expansion south and eastward. A new airport is to be built west of Amriyah to serve Alexandria and the completely new industrial and urban center at New Amriyah about 30 kilometers farther west.

Making the city healthier is a major objective. Industries will be given 10 years to clean up, after which the disposal of effluent into Lake Maryut will be banned.

Of course there is never enough money. Plans to put the transway underground and build a thoroughfare the length of Alexandria await financing, as do plans to build an exit highway over the main Cairo railway line and a ring road by filling the Mahmudia canal.

However, the \$20-billion Alexandria 2005 plan has the advantage of being home-grown, flexible and, for Egypt, uncharacteristically modest in its ambitions. The authorities have pledged support for its conservation and planning measures. However, the governorate's resolve in withholding important developments has yet to be tested.

— ALAN MACKIE

Tourism Industry Searches for a Recipe for Growth

By Alice Brinton

CAIRO — Less than two years ago, it looked as if Egypt was priming itself for a big diversification program in its tourist attractions.

As recently as last year, the minister of tourism, Tewfik Abu Ismail, indicated that in an age of world recession and highly competitive tourism, Egypt could no longer draw enough tourists on its historical and cultural heritage alone. He wanted to attract wealthier tourists to combine archaeological sightseeing with a seaside resort holiday. He talked of major development in the Red Sea area, which boasts wide stretches of beaches and unspoiled underwater sights.

Today these plans seem to have been set back and tourist experts in Egypt appear to be rethinking their strategy. Egypt's tourist industry has suffered from the recession as well as the troubled political climate in the Middle East. Revenue from tourists, who will number about 1.5 million in 1984, was about \$1.5 billion in 1983 and is not expected to exceed that sum this year.

The government gets about 40 percent of that figure; the rest disappears into the black market system of foreign exchange. To increase revenue from tourism, Egypt

is looking to extend the average tourist stay of six days to between 10 and 15 days. This was why the ministry initially wanted to build luxury resorts in the Red Sea area, where wealthy tourists could go after seeing the archaeological treasures.

A Western tourism expert suggested why this type of development was not truly feasible now: "There is an infrastructure problem in the Red Sea area which the government has been slow to do anything about."

Further, he said, a master plan for the Red Sea region drawn up by the ministry shows that the sites chosen are very large, about two square kilometers (0.75 square mile) each. Such sites call for big development — something it is hard to sell foreign investors, and it is only through foreign financing that these luxury resorts could be built.

The expert also pointed out that travel to Egypt was still expensive. He asked if he doubted whether Egypt could seriously attempt to compete yet with older international seaside resorts.

His views are shared by Egyptian tourism officials. One of them, Sami el-Masri, who is head of public relations at the Egyptian General Authority for the Promotion of Tourism, said the ministry initially wanted to build luxury resorts at home by providing resort accommodations at reasonable prices. One government project has just been completed at Ismailia, 100 kilometers (62 miles) from Cairo, aiming at the middle-income Egyptian family and providing recreational facilities and water sports.

"This way, we hit two birds with one stone," Mr. Nasr said. "Egyptians stay at home and don't export

hard currency because they pay for everything in Egyptian pounds."

Almost everyone in the tourist industry in Egypt agrees that the country allowed too many luxury hotels to be built in the 1970s and early 1980s, particularly in Cairo.

All these hotels should attract a substantial number of domestic citizens as well as visitors from abroad.

At the same time, a great effort is being made to improve existing tourist sights. The Ministry of Culture has renovated a number of Moslem and Christian monuments in Cairo. Two hotel schools have opened. Work is going on at a number of secondary airports to permit easier access to places outside the large cities.

Still, at least one luxury resort is going ahead. The Bourg el-Arab project on the north coast, where construction is starting soon, is expected to appeal to both foreign visitors and to expatriate Egyptians in search of a holiday home, for the complex will include villas for sale. If this project succeeds, it will raise morale in an industry that has become somewhat stagnated in the last few months — and it might persuade new investors that, after all, the time has come to build other luxury resorts in Egypt.



Development Industrial Bank

**The Leading Bank
in Egypt
to support industry
Capital
L.E. 34,000,000
Fully Paid**

**Wide Activities
in supporting industries in
Egypt as follows**

★ Extending Soft short and long-term loans in foreign and local currency for financing the new projects, expansion and replacements as well as for covering shortage in working capital, with special care for small and medium scale industries.

★ Extending financial facilities to Clinics, hospitals, laboratories to medical services, physicians and all other professions.

★ Conducting feasibility studies for Clients.

★ Offering up to date economic, administrative, financial information and technical assistance for medium and small scale enterprises.

★ Strong economic relations with international organizations and Banks such as World Bank, IDA, OPEC, ADB, KFW, USAID and EEC. Such relations have been fruitful in the fields of finance and expertise.

★ Participating in local and foreign international fairs with the purpose of introducing and marketing the clients' products.

★ Stimulating DIB clients for their expansion efforts by finding interested and capable foreign partners.

★ Head Office: 110 Galaa Street, Cairo.
Telex: 92643.
Branches: Cairo — Alexandria — Tanta.

CONTRIBUTORS

ROBERT BAILEY is the special reports editor of the London-based Middle East Economic Digest.

ALICE BRINTON is a financial journalist based in Cairo.

BERNARD GWERTZMAN is a Washington-based diplomatic correspondent for The New York Times.

SIMON INGRAM is assistant to the chief of Newsweek's Cairo bureau.

NEIL MacFARQUHAR is an assistant editor of Cairo Today magazine.

ALAN MACKIE is a London-based journalist who follows Middle Eastern affairs.

ELIZABETH TAYLOR is a Cairo-based sociologist who has been researching Egyptian villages for the last two and half years.

OLFAT TOHAMY is a Cairo-based journalist who follows Middle East affairs.

THURSDAY, JUNE 14, 1984

Herald Tribune
BUSINESS/FINANCE

Statistics Index

AMEX prices	P.28	Fifth Rate Note P.19
NYSE prices	P.28	Call Money Rates P.29
Commodity Stocks	P.22	Golds & Lows P.29
Current Rates	P.17	Inferred rates P.17
Commodities	P.20	Market Summary P.18
Dividends	P.20	OTC Stock P.19
Earnings reports	P.-	Other Markets P.22

Page 17

WALL STREET WATCH

Focus on Value Confirms That Stock Market Is Shaky

By EDWARD ROHRBACH
International Herald Tribune

You know that the stock market is in trouble now that sober words such as "worth" and "value" are popping up with alarming frequency. Heady terms — like "new era" — are heard bandied about when Wall Street is riding high and folks are bragging about their investments at cocktail parties and analysts are confidently making glowing projections into the next century.

One Los Angeles brokerage firm has oriented its investment policy around the concept of value.

"We're looking more and more at underlying asset value in the stocks we recommend to clients," said David V. Jackson, co-director of research at Morgan O'Neal Kennedy & Gardner.

"If the value is there and it's not reflected in the stock price plus the company offers good cash flow and above average earnings expectations, then a very compelling case exists for buying the stocks."

There has not been much effort in the past by investment firms to identify and quantify company assets, he pointed out. But now the focus is there, he noted, with takeover attempts popular and the leveraged buyout phenomenon, in which financing is arranged based on the target company's asset value, then its cash flow is used after acquisition to pay off the loan.

"It's also true that value receives emphasis whenever the stock market is under pressure," he added. "It's a good defensive area to be in."

Heading Mr. Jackson's recommended list are Hilton Hotels, whose assets he figures at \$90 to \$100 a share, or worth nearly twice the company's current stock price, and Standard Brands Paint, with assets at as much as \$40 a share, about double what an investor can buy it for on the stock exchange.

Both companies have strong earnings momentum, he noted, and should outperform the general market if Wall Street goes up again.

Coastal Corp. is another recommended stock. Morgan O'Neal thinks it is selling for only about half its asset value. Other issues it estimates at 50 percent to 65 percent of asset value are Levi Strauss, Greyhound and Transco.

Stefan Abrams, a managing director and chairman of the stock selection committee at Oppenheimer & Co., goes a step further by asserting that asset appraisal must be a prime consideration by an investor "if he is going to have a fighting chance in this market where competition is fierce for the relatively scarce investment dollar."

"With stocks fully valued as measured by earnings and overvalued in relation to bonds plus the liquidity shortage, it's not enough to invest in companies growing at anything like the normal rate of 10 to 15 percent," he declared.

"You've got to find ones either being rehabilitated or liquidated that offer 30- to 40-percent growth."

The "market theme" he likes best involves "enterprise restructuring" that is, companies that have begun to maximize earnings power of their assets if only to avoid a takeover. He cited American Can, Trans World Corp. and R.J. Reynolds.

A second theme, "not unrelated," he said is "industrial turnarounds." Named were PepsiCo, Continental Corp. and Woolworth.

A third promising investment category, he cited, is where "highly competent owner-managers" are making strides to enrich their companies. He singled out Stone Container and Allegheny Corp., which he called "positively the most fascinating of all."

He said Oppenheimer figures Allegheny's bid of about \$200 a share for Conrail stands a good chance of acquiring assets valued at \$500 a share. "But there's a 20-percent risk overnight in the stock if they lose the bid," he warned.

Gérard de Plinval, executive vice president for international markets at Crédit Agricole, Paris, remains cautious about Wall Street but sees constructive elements falling into place that augur well for the longer term.

"With returns now so high from such solid instruments as Treasury bills, investors can make money outside the stock market without having to be very smart," he observed.

Mr. de Plinval, recently returned from a trip to Washington, said he was impressed by the "quality of the people" he spoke with in the Reagan administration, at the Federal Reserve and to

(Continued on Page 21, Col.3)

Bonn Unit Rejects Cable Plan

Fiber-Optics Bid Called Monopolistic

By Warren Geller
International Herald Tribune

FRANKFURT — The Federal Cartel Office in Berlin rejected Wednesday a proposal by five leading West German engineering and cable-making companies to build a 130-million-Deutsche-mark (\$47.8-million) plant in West Berlin to make optical fiber for telecommunications cable.

The office denied approval on the ground that such a clearance would give a monopoly in the technology to the same five companies.

— Siemens AG, AEG-Telefunken AG, PKI (a subsidiary of Philips NV of the Netherlands), Standard Elektra Lorenz (a subsidiary of ITT Corp. of the United States), and Kabelfabrikat GmbH — that already have a virtual monopoly in the copper-cable market through a joint venture.

The government of Chancellor Helmut Kohl has supported the proposal in a bid to bolster West German competitiveness in high technology as well as West Berlin's flagging economy.

Despite its decision, the cartel office had indicated as early as last February that it favored the idea of the major cable producers linking up again to corner a new and potentially lucrative technology.

The five companies have maintained that they must unite to create economies of scale in glass-fiber production, insisting that production at least 100,000 kilometers (62,000 miles) a year of optical fiber was the minimum necessary for a profit in the nascent home market and to be competitive against imports from the more advanced fiber-optics industries in the United States and Japan.

Spokesmen at the companies indicated that the companies would appeal the cartel office's denial.

The appeal, to be successful, would first have to be approved by the Monopolies Commission in Bonn and then would require the backing of the economics minister, Otto Lambsdorff.

The cartel office, according to a spokesman, Hartwig Wengemann, rejected the assertion that production of 100,000 kilometers a year was necessary for profitable production, and saw that assertion instead as an attempt to keep out smaller companies.

"We would not have denied approval for the project had the five companies agreed to split up the project into two separate groups," a cartel office official said.

The office said it had received a formal protest against the proposed plant from Wacker Chemie, a West German chemical company, as well as from the European Community that several West European companies outside of West Germany had complained about the project's inhibiting effect on high-technology competition within West Germany.

Wacker Chemie, a rapidly growing company based in Munich that produces silicon used in microchip production and has recently taken an interest in glass-fiber production, had lodged a formal complaint at the beginning of the year with the Cartel Office. It complained that the Berlin project would place smaller potential producers of glass fiber at a price disadvantage because the five companies could produce their own fiber at lower cost and then sell the material to their own cable-marketing divisions, which dominate the market.

The statement said that it is the intention of Argentina to continue negotiating with the managing director to complete discussions initiated in Buenos Aires with the IMF team.

It said Argentina believes that the general goals outlined in its letter of intent "will deserve final approval" of the agency and permit Argentina to proceed with negotiations with its bank lenders on about \$20 billion of debt that has matured, or will mature soon.

Argentina, the world's third largest debtor with foreign loans totaling about \$44 billion, has been negotiating with the IMF for months to reach an agreement on a

United Press International

U.S. Retail Sales Leveled in May With 0.2% Rise

sales was hardly comparable to the 20.9-percent increase recorded the month before.

Service station sales increased 0.9 percent in May.

Furniture store sales were down 2.6 percent in May after April's exceptionally strong 13.7-percent increase.

Building materials sales also were down, but only by 0.2 percent, after a 12.2-percent increase in April.

All durable goods sales, of heavy-duty products such as autos and large appliances, climbed 0.2 percent.

Nondurable goods sales also went up 0.2 percent.

Department store sales were up a full 1 percent, and clothing stores reported a 1.9-percent increase, the healthiest figures to the report.

Food store sales were down 0.5 percent, and drugstore sales fell 0.9 percent.

The pace of the economy has been an enormous question mark for many analysts and investors lately, with general agreement that a slowdown is under way but disagreement over whether the deceleration is sharp enough to keep interest rates from going up.

Despite Labor Department statistics showing extraordinary growth in new jobs, which pump new income into retail establishments, analysts have also taken note of the fact that factory jobs are not growing.



The New York Times

Japan's use of advanced technology for consumer goods: Sony's audiodisk system using lasers, a ceramic frying pan made by Kyocera and a Casio solar-powered calculator.

Japan Uses High Tech for Low Tech

By Andrew Pollack
New York Times Service

TOKYO — What do you do with an exotic metal alloy that has the ability to "remember" its original shape and return to that shape when heated?

In the United States, the answer is: Use it to make eyeglass frames, air-conditioner louvers and a toy in which a boy's head and a girl's head are separated by a wire made of the alloy. When the toy is dunked in hot water, the wire returns to a ring shape, bringing the heads together in a kiss.

The example illustrates a major difference between the two nations, one vying for world supremacy in high technology.

In the United States, technological emphasis is often on a big military or space project, with little regard for immediate commercial applications.

(Continued on Page 21, Col.3)

Argentina Seeking to Avoid IMF Confrontation

By James L. Rowe Jr.
Washington Post Service

WASHINGTON — The Argentinean government has apparently attempted to avoid a confrontation with the International Monetary Fund by saying a "letter of intent" it sent to the fund, detailing its economic program, is meant to be the opening of "negotiations with the management of that organization."

The economy minister, Bernardo Grinstein, and other government officials said on Monday in Argentina that the letter, the first step in developing an economic program acceptable to the IMF, should be presented to the governments that make up the IMF executive board even though the staff and the country had not come to agreement.

The staff concerned objected to Argentina's move, calling it "unreasonable."

But a statement released here Tuesday by the Argentine Embassy was far less belligerent and indicated that the debtor nation was not trying an end-run around the fund's managing director, Jacques de Larosière.

The statement said that it is the intention of Argentina to continue negotiating with the managing director to complete discussions initiated in Buenos Aires with the IMF team.

It said Argentina believes that the general goals outlined in its letter of intent "will deserve final approval" of the agency and permit Argentina to proceed with negotiations with its bank lenders on about \$20 billion of debt that has matured, or will mature soon.

Argentina, the world's third largest debtor with foreign loans totaling about \$44 billion, has been negotiating with the IMF for months to reach an agreement on a

program to reduce inflation and help it to repay its loans.

But any introduction by Argentina of austerity measures demanded by the IMF could provoke a severe political backlash against the newly elected democratic administration of President Raúl Alfonsín.

An Argentine source said that at least some of the tough talk in Buenos Aires, especially the demand that Mr. de Larosière take Argentina's position directly to the IMF board, is related to the political character of the country.

IMF officials have said privately that they sympathize with the problems of the Alfonso government, which could be attacked by the labor-dominated Peronist opposition if it agrees to reduce real wages.

However, these officials said they might be willing to approve an increase in real wages if Mr. Alfonsín were willing to reduce other government spending. In the embassy statement, the government said it wanted to raise "real wages using budgetary reductions in other areas."

year

and to run a large budget deficit.

The IMF believes that the large real wage increases, coupled with a high budget deficit, will make Argentina's inflation worse.

In a reference to Argentina, Federal Reserve Board Chairman Paul A. Volcker, said it is difficult to achieve consensus for the strong measures needed. "But democracy is also not likely to flourish in the midst of accelerating inflation and economic isolation," he said in a speech to the Japan Society to New York.

Meanwhile, Argentine officials and bankers say they are worried that the U.S. government will cancel an agreement to lend Argentina \$300 million as soon as it reaches an accord with the IMF.

Treasury Secretary Donald T. Regan said Tuesday that the United States will wait until Friday, when its commitment expires, before deciding whether to renew the agreement.

Japan GNP Rate Above Target

Reuters

TOKYO — The growth rate to Japan's gross national product in the year ended March 31 was slightly above the 3.4 percent target, the Economic Planning Agency's director-general said Wednesday.

Toshi Komoto did not specify the 1983-84 growth rate, which agency officials said would be announced within a week.

Mr. Komoto said he reported this to Prime Minister Yasuhiro Nakasone on his return from London where he attended the seven-nation economic summit last week.

SOLVAY in 1983:

**Continued expansion.
The Group's profitability surged and consolidated net results doubled.**

Confirmed recovery

1983 saw most sectors of activity emerging from the recession, with a marked improvement in the chemical industry.

The favourable international business climate greatly contributed to the financial strengthening of many chemical concerns during the year.

Our industrialization of the industry was carried out through restructuring and reorganization of activities and steps were taken to improve efficiency in energy consumption and manpower utilization.

A promising future

The Solvay Group has proved its ability at mastering technological development and economic constraint. More challenging ahead but Solvay and its highly motivated and qualified staff will pursue all efforts required to meet whatever the future has in store.

Dividend up again

The net return on Solvay shares for 1983 is BF 235 per unit paid up share - BF 35 more than for 1982.

SOLVAY

Key figures

In millions of BF	1983	1982
Sales	198,742	177,794
Research expenditure	6,498	5,988
Personnel expenditure	49,488	47,129
Capital expenditure	7,942	7,025
Group's consolidated net result	5,246	2,933
In units	2,962	2,200
Persons employed	44,166	45,369

The Annual Report of Solvay &

Wednesday's **NYSE** Closing

**Tables include the nationwide prices
Up to the closing on Wall Street**

[View all reviews](#) | [Write a review](#)

(Continued from Page 18)

PHEM	1.50	1.2	6	24	1324	12	1314
PPG 5	1.44	5.1	7	226	2114	2770	2014
PPA	48	29		4	2014	2014	2014

Sales figures are unofficial. Yearly highs and lows reflect the previous 22 weeks since the current week, but the latest figure is the most recent. Dividends per share amounting to 25 percent or more has been paid. The year's high-low range and dividend rates are shown for the new stock offering. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

— dividend also extra), b—annual rate of dividend plus stock dividend, c—regular dividend, cd—costed, d—dividend declared after split-up or stock dividend, e—dividend in Canadian funds, subject to non-residence tax, f—dividend declared after split-up or stock dividend, g—dividend paid this year, omitted, referred, or no action taken at latest dividend meeting, h—dividend declared or paid this year, on accumulative issue with dividends in arrears, i—number of weeks in the last 22 weeks, j—dividend paid with two days of having been declared or paid in preceding 12 months, plus stock dividend, k—stock split, l—dividend begins with date of split, m—estimated value on ex-dividend or ex-distribution date, n—new security high, o—trading history in weeks, p—noncumulative or semi-annual dividend under the Bank of Canada Act, q—acquisition or merger by such companies, where when acquired, w—when issued, x—with warrants, z—ex-dividend or ex-rights, zdz—ex-distribution, xv—without warrants, y—ex-dividend and ex-sold in full, vid—yield, z—yield.

To Our Readers

The floating-rate notes table has been updated to include more actively traded issues.

Floating Rate Notes

Page 13

Issuer/Mkt cap/Mat.	Crossed Notd	Bld	Astd	Issuer/Mkt cap/Mat.	Crossed Notd	Bld	Astd	
CEPAME 5%+/-/92	12 1/4	12-12	150.15	100.33	Kleinwort Benson 5%+/-/93	8-17	100	100.28
CEPAME 5%+/-/95	17 1/2	7-4	100.15	100.30	Kleinwort Benson 5%+/-/94	9-13	99.70	99.70
Credit Nord 5%+/-/92	10 1/2	2-5	95.30	95.30	Korea Dev. Bk 7%+/-/93	12-5	96.75	96.75
Credit Foncier 5%+/-/92/1996	10 1/2	10-7	98.75	98.12	Korea Exchange 7%+/-/93	11-14	95.50	99.99
Credit Lyon 5%+/-/92	11 1/2	11-14	95.30	95.30	Loyd's 5%+/-/93	11 1/2	91.50	91.50
Credit Lyon 5%+/-/93	10 1/2	10-35	97.00	97.00	Loyd's 5%+/-/94	11 1/2	91.50	91.50
Credit Lyon 5%+/-/94	10 1/2	1-5	95.30	95.30	Loyd's 5%+/-/95	11 1/2	91.50	91.50
Credit Lyon 5%+/-/95	12 1/2	11-29	100.15	100.33	LTCB 5%+/-/93	11 1/2	95.50	95.50
Cr. Lyon 5%+/-/92/93	10 1/2	2-5	95.30	95.30	LTCB 5%+/-/94	11 1/2	95.50	95.50
Cr. Lyon 5%+/-/93/96	12 1/2	12-14	95.30	95.30	LTCB 5%+/-/95	11 1/2	95.50	95.50
Credit Neff 5%+/-/92	10 1/2	7-10	97.00	98.00	LTCB 5%+/-/96	11 1/2	95.50	95.50
Credit Neff 5%+/-/94	10 1/2	10-11	97.24	97.00	LTCB 5%+/-/97	12 1/2	95.50	95.50
Creational 1994	10 1/2	2-11	95.50	95.75	Malaysian 5%+/-/93/97	11 1/2	99.10	99.35
Creational 5%+/-/97	10 1/2	10-12	95.50	95.75	Malaysian 5%+/-/94/98	12 1/2	99.10	99.35
Daiei Ichiba Konko 5%+/-/96	12 1/2	11-13	97	97.25	Malaysian 5%+/-/95/99	12 1/2	99.10	99.35
Daiwa Oil Co 5%+/-/99	11 1/4	11-13	95.50	95.75	Malaysian 5%+/-/96/2000	10 1/2	95.50	95.50
						11 1/2	95.50	95.50
						12 1/2	95.50	95.50
						13 1/2	95.50	95.50
						14 1/2	95.50	95.50
						15 1/2	95.50	95.50
						16 1/2	95.50	95.50
						17 1/2	95.50	95.50
						18 1/2	95.50	95.50
						19 1/2	95.50	95.50
						20 1/2	95.50	95.50
						21 1/2	95.50	95.50
						22 1/2	95.50	95.50
						23 1/2	95.50	95.50
						24 1/2	95.50	95.50
						25 1/2	95.50	95.50
						26 1/2	95.50	95.50
						27 1/2	95.50	95.50
						28 1/2	95.50	95.50
						29 1/2	95.50	95.50
						30 1/2	95.50	95.50
						31 1/2	95.50	95.50
						32 1/2	95.50	95.50
						33 1/2	95.50	95.50
						34 1/2	95.50	95.50
						35 1/2	95.50	95.50
						36 1/2	95.50	95.50
						37 1/2	95.50	95.50
						38 1/2	95.50	95.50
						39 1/2	95.50	95.50
						40 1/2	95.50	95.50
						41 1/2	95.50	95.50
						42 1/2	95.50	95.50
						43 1/2	95.50	95.50
						44 1/2	95.50	95.50
						45 1/2	95.50	95.50
						46 1/2	95.50	95.50
						47 1/2	95.50	95.50
						48 1/2	95.50	95.50
						49 1/2	95.50	95.50
						50 1/2	95.50	95.50
						51 1/2	95.50	95.50
						52 1/2	95.50	95.50
						53 1/2	95.50	95.50
						54 1/2	95.50	95.50
						55 1/2	95.50	95.50
						56 1/2	95.50	95.50
						57 1/2	95.50	95.50
						58 1/2	95.50	95.50
						59 1/2	95.50	95.50
						60 1/2	95.50	95.50
						61 1/2	95.50	95.50
						62 1/2	95.50	95.50
						63 1/2	95.50	95.50
						64 1/2	95.50	95.50
						65 1/2	95.50	95.50
						66 1/2	95.50	95.50
						67 1/2	95.50	95.50
						68 1/2	95.50	95.50
						69 1/2	95.50	95.50
						70 1/2	95.50	95.50
						71 1/2	95.50	95.50
						72 1/2	95.50	95.50
						73 1/2	95.50	95.50
						74 1/2	95.50	95.50
						75 1/2	95.50	95.50
						76 1/2	95.50	95.50
						77 1/2	95.50	95.50
						78 1/2	95.50	95.50
						79 1/2	95.50	95.50
						80 1/2	95.50	95.50
						81 1/2	95.50	95.50
						82 1/2	95.50	95.50
						83 1/2	95.50	95.50
						84 1/2	95.50	95.50
						85 1/2	95.50	95.50
						86 1/2	95.50	95.50
						87 1/2	95.50	95.50
						88 1/2	95.50	95.50
						89 1/2	95.50	95.50
						90 1/2	95.50	95.50
						91 1/2	95.50	95.50
						92 1/2	95.50	95.50
						93 1/2	95.50	95.50
						94 1/2	95.50	95.50
						95 1/2	95.50	95.50
						96 1/2	95.50	95.50
						97 1/2	95.50	95.50
						98 1/2	95.50	95.50
						99 1/2	95.50	95.50
						100 1/2	95.50	95.50
						101 1/2	95.50	95.50
						102 1/2	95.50	95.50
						103 1/2	95.50	95.50
						104 1/2	95.50	95.50
						105 1/2	95.50	95.50
						106 1/2	95.50	95.50
						107 1/2	95.50	95.50
						108 1/2	95.50	95.50
						109 1/2	95.50	95.50
						110 1/2	95.50	95.50
						111 1/2	95.50	95.50
						112 1/2	95.50	95.50
						113 1/2	95.50	95.50
						114 1/2	95.50	95.50
						115 1/2	95.50	95.50
						116 1/2	95.50	95.50
						117 1/2	95.50	95.50
						118 1/2	95.50	95.50
						119 1/2	95.50	95.50
						120 1/2	95.50	95.50
						121 1/2	95.50	95.50
						122 1/2	95.50	95.50
						123 1/2	95.50	95.50
						124 1/2	95.50	95.50
						125 1/2	95.50	95.50
						126 1/2	95.50	95.50
						127 1/2	95.50	95.50
						128 1/2	95.50	95.50
						129 1/2	95.50	95.50
						130 1/2	95.50	95.50
						131 1/2	95.50	95.50
						132 1/2	95.50	95.50
						133 1/2	95.50	95.50
						134 1/2	95.50	95.50
						135 1/2	95.50	95.50
						136 1/2	95.50	95.50
						137 1/2	95.50	95.50
						138 1/2	95.50	95.50
						139 1/2	95.50	95.50
						140 1/2	95.50	95.50
						141 1/2	95.50	95.50
						142 1/2	95.50	95.50
						143 1/2	95.50	95.50
						144 1/2	95.50	95.50
						145 1/2	95.50	95.50
						146 1/2	95.50	95.50
						147 1/2	95.50	95.50
						148 1/2	95.50	95.50
						149 1/2	95.50	95.50
						150 1/2	95.50	95.50
						151 1/2	95.50	95.50
						152 1/2	95.50	95.50
						153 1/2	95.50	95.50
						154 1/2	95.50	95.50
						155 1/2	95.50	95.50
						156 1/2	95.50	95.50
						157 1/2	95.50	95.50
						158 1/2	95.50	95.50
						159 1/2	95.50	95.50
						160 1/2	95.50	95.50
						161 1/2	95.50	95.50
						162 1/2	95.50	95.50
						163 1/2	95.50	95.50
						164 1/2	95.50	95.50
						165 1/2	95.50	95.50
						166 1/2	95.50	95.50
						167 1/2	95.50	95.50
						168 1/2	95.50	95.50
						169 1/2	95.50	95.50
						170 1/2	95.50	95.50
						171 1/2	95.50	95.50
						172 1/2	95.50	95.50
						173 1/2	95.50	95.50
						174 1/2	95.50	95.50
						175 1/2	95.50	95.50
						176 1/2	95.50	95.50
						177 1/2	95.50	95.50
						178 1/2	95.50	95.50
						179 1/2	95.50	95.50
						180 1/2	95.50	95.50
						181 1/2	95.50	95.50
						182 1/2	95.50	95.50
						183 1/2	95.50	95.50
	</td							

earkass 5% 71184

Printed supplied by WEST SOUTHERN LTD., LONDON

U.S. Company Charged in Mislabeling of Drug

PHILADELPHIA — A major pharmaceutical company was charged with failing to warn consumers and the U.S. government about dangerous side effects of a drug to combat high blood pressure that was marketed for eight months.

Over-the-Counter

NASDAQ National Market Prices

B															
Sales & Net 1995 High Low 3 Pm Chg %															
Kruer's Kutche															
L															
LD Bank															
LSI Lab															
LTx															
LoopFm															
Loddle's															
LomarT															
Lomard															
LodGrp															
LongC															
Longly															
Lorain															
Lottin															
Lubert															
Lifms															
LieCom															
LinkTel															
LinkTel's															
LinkTel's															
Lofar															
Lynden															
Lynde															
L															
M															
MC1 S															
MC1W															
MP5 S															
MachTC															
MacK T															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															
ModGE															

Shell Unit Abandons Well

Review

BANGKOK — Royal Dutch/Shell Group said Wednesday its unit, Thai Shell Exploration & Production Co., had abandoned a well in northern Thailand after drilling recovered only small amounts of oil.

BUSINESS ROUNDUP

RCA, Bertelsmann Propose Venture

Los Angeles Times Service

LOS ANGELES — RCA Corp. and Bertelsmann AG, a big West German communications conglomerate, said Tuesday that they have reached a preliminary agreement to merge their worldwide records, music publishing and music video businesses.

Few details were released, but the two companies said that under the joint venture proposal, RCA Records Inc. and Bertelsmann's Ariola Records would continue to exercise creative control over their operations while being supported by joint services in manufacturing, distribution and administration.

With annual record sales of about \$600 million, RCA is considered the third-largest distributor of records and tapes in the United States (behind CBS Records Group and Warner Communications Inc.), controlling an estimated 15 percent of the market.

ADVERTISEMENT INTERNATIONAL FUNDS

Quotations Supplied by Funds Listed

13 June 1984

Net asset value (per share)		Price	Description
(1) - daily	(2) - weekly	(3) - monthly	(4) - quarterly
(5) - monthly	(6) - weekly	(7) - quarterly	(8) - annually
(9) - monthly	(10) - weekly	(11) - quarterly	(12) - annually
(13) - monthly	(14) - weekly	(15) - quarterly	(16) - annually
(17) - monthly	(18) - weekly	(19) - quarterly	(20) - annually
(21) - monthly	(22) - weekly	(23) - quarterly	(24) - annually
(25) - monthly	(26) - weekly	(27) - quarterly	(28) - annually
(29) - monthly	(30) - weekly	(31) - quarterly	(32) - annually
(33) - monthly	(34) - weekly	(35) - quarterly	(36) - annually
(37) - monthly	(38) - weekly	(39) - quarterly	(40) - annually
(41) - monthly	(42) - weekly	(43) - quarterly	(44) - annually
(45) - monthly	(46) - weekly	(47) - quarterly	(48) - annually
(49) - monthly	(50) - weekly	(51) - quarterly	(52) - annually
(53) - monthly	(54) - weekly	(55) - quarterly	(56) - annually
(57) - monthly	(58) - weekly	(59) - quarterly	(60) - annually
(61) - monthly	(62) - weekly	(63) - quarterly	(64) - annually
(65) - monthly	(66) - weekly	(67) - quarterly	(68) - annually
(69) - monthly	(70) - weekly	(71) - quarterly	(72) - annually
(73) - monthly	(74) - weekly	(75) - quarterly	(76) - annually
(77) - monthly	(78) - weekly	(79) - quarterly	(80) - annually
(81) - monthly	(82) - weekly	(83) - quarterly	(84) - annually
(85) - monthly	(86) - weekly	(87) - quarterly	(88) - annually
(89) - monthly	(90) - weekly	(91) - quarterly	(92) - annually
(93) - monthly	(94) - weekly	(95) - quarterly	(96) - annually
(97) - monthly	(98) - weekly	(99) - quarterly	(100) - annually
(101) - monthly	(102) - weekly	(103) - quarterly	(104) - annually
(105) - monthly	(106) - weekly	(107) - quarterly	(108) - annually
(109) - monthly	(110) - weekly	(111) - quarterly	(112) - annually
(113) - monthly	(114) - weekly	(115) - quarterly	(116) - annually
(117) - monthly	(118) - weekly	(119) - quarterly	(120) - annually
(121) - monthly	(122) - weekly	(123) - quarterly	(124) - annually
(125) - monthly	(126) - weekly	(127) - quarterly	(128) - annually
(129) - monthly	(130) - weekly	(131) - quarterly	(132) - annually
(133) - monthly	(134) - weekly	(135) - quarterly	(136) - annually
(137) - monthly	(138) - weekly	(139) - quarterly	(140) - annually
(141) - monthly	(142) - weekly	(143) - quarterly	(144) - annually
(145) - monthly	(146) - weekly	(147) - quarterly	(148) - annually
(149) - monthly	(150) - weekly	(151) - quarterly	(152) - annually
(153) - monthly	(154) - weekly	(155) - quarterly	(156) - annually
(157) - monthly	(158) - weekly	(159) - quarterly	(160) - annually
(161) - monthly	(162) - weekly	(163) - quarterly	(164) - annually
(165) - monthly	(166) - weekly	(167) - quarterly	(168) - annually
(169) - monthly	(170) - weekly	(171) - quarterly	(172) - annually
(173) - monthly	(174) - weekly	(175) - quarterly	(176) - annually
(177) - monthly	(178) - weekly	(179) - quarterly	(180) - annually
(181) - monthly	(182) - weekly	(183) - quarterly	(184) - annually
(185) - monthly	(186) - weekly	(187) - quarterly	(188) - annually
(189) - monthly	(190) - weekly	(191) - quarterly	(192) - annually
(193) - monthly	(194) - weekly	(195) - quarterly	(196) - annually
(197) - monthly	(198) - weekly	(199) - quarterly	(200) - annually
(201) - monthly	(202) - weekly	(203) - quarterly	(204) - annually
(205) - monthly	(206) - weekly	(207) - quarterly	(208) - annually
(209) - monthly	(210) - weekly	(211) - quarterly	(212) - annually
(213) - monthly	(214) - weekly	(215) - quarterly	(216) - annually
(217) - monthly	(218) - weekly	(219) - quarterly	(220) - annually
(221) - monthly	(222) - weekly	(223) - quarterly	(224) - annually
(225) - monthly	(226) - weekly	(227) - quarterly	(228) - annually
(229) - monthly	(230) - weekly	(231) - quarterly	(232) - annually
(233) - monthly	(234) - weekly	(235) - quarterly	(236) - annually
(237) - monthly	(238) - weekly	(239) - quarterly	(240) - annually
(241) - monthly	(242) - weekly	(243) - quarterly	(244) - annually
(245) - monthly	(246) - weekly	(247) - quarterly	(248) - annually
(249) - monthly	(250) - weekly	(251) - quarterly	(252) - annually
(253) - monthly	(254) - weekly	(255) - quarterly	(256) - annually
(257) - monthly	(258) - weekly	(259) - quarterly	(260) - annually
(261) - monthly	(262) - weekly	(263) - quarterly	(264) - annually
(265) - monthly	(266) - weekly	(267) - quarterly	(268) - annually
(269) - monthly	(270) - weekly	(271) - quarterly	(272) - annually
(273) - monthly	(274) - weekly	(275) - quarterly	(276) - annually
(277) - monthly	(278) - weekly	(279) - quarterly	(280) - annually
(281) - monthly	(282) - weekly	(283) - quarterly	(284) - annually
(285) - monthly	(286) - weekly	(287) - quarterly	(288) - annually
(289) - monthly	(290) - weekly	(291) - quarterly	(292) - annually
(293) - monthly	(294) - weekly	(295) - quarterly	(296) - annually
(297) - monthly	(298) - weekly	(299) - quarterly	(300) - annually
(301) - monthly	(302) - weekly	(303) - quarterly	(304) - annually
(305) - monthly	(306) - weekly	(307) - quarterly	(308) - annually
(309) - monthly	(310) - weekly	(311) - quarterly	(312) - annually
(313) - monthly	(314) - weekly	(315) - quarterly	(316) - annually
(317) - monthly	(318) - weekly	(319) - quarterly	(320) - annually
(321) - monthly	(322) - weekly	(323) - quarterly	(324) - annually
(325) - monthly	(326) - weekly	(327) - quarterly	(328) - annually
(329) - monthly	(330) - weekly	(331) - quarterly	(332) - annually
(333) - monthly	(334) - weekly	(335) - quarterly	(336) - annually
(337) - monthly	(338) - weekly	(339) - quarterly	(340) - annually
(341) - monthly	(342) - weekly	(343) - quarterly	(344) - annually
(345) - monthly	(346) - weekly	(347) - quarterly	(348) - annually
(349) - monthly	(350) - weekly	(351) - quarterly	(352) - annually
(353) - monthly	(354) - weekly	(355) - quarterly	(356) - annually
(357) - monthly	(358) - weekly	(359) - quarterly	(360) - annually
(361) - monthly	(362) - weekly	(363) - quarterly	(364) - annually
(365) - monthly	(366) - weekly	(367) - quarterly	(368) - annually
(369) - monthly	(370) - weekly	(371) - quarterly	(372) - annually
(373) - monthly	(374) - weekly	(375) - quarterly	(376) - annually
(377) - monthly	(378) - weekly	(379) - quarterly	(380) - annually
(381) - monthly	(382) - weekly	(383) - quarterly	(384) - annually
(385) - monthly	(386) - weekly	(387) - quarterly	(388) - annually
(389) - monthly	(390) - weekly	(391) - quarterly	(392) - annually
(393) - monthly	(394) - weekly	(395) - quarterly	(396) - annually
(397) - monthly	(398) - weekly	(399) - quarterly	(400) - annually
(401) - monthly	(402) - weekly	(403) - quarterly	(404) - annually
(405) - monthly	(406) - weekly	(407) - quarterly	(408) - annually
(409) - monthly	(410) - weekly	(411) - quarterly	(412) - annually
(413) - monthly	(414) - weekly	(415) - quarterly	(416) - annually
(417) - monthly	(418) - weekly	(419) - quarterly	(420) - annually
(421) - monthly	(422) - weekly	(423) - quarterly	(424) - annually
(425) - monthly	(426) - weekly	(427) - quarterly	(428) - annually
(429) - monthly	(430) - weekly	(431) - quarterly	(432) - annually
(433) - monthly	(434) - weekly	(435) - quarterly	(436) - annually
(437) - monthly	(438) - weekly	(439) - quarterly	(440) - annually
(441) - monthly	(442) - weekly	(443) - quarterly	(444) - annually
(445) - monthly	(446) - weekly	(447) - quarterly	(448) - annually
(449) - monthly	(450) - weekly	(451) - quarterly	(452) - annually
(453) - monthly	(454) - weekly	(455) - quarterly	(456) - annually
(457) - monthly	(458) - weekly	(459) - quarterly	(460) - annually
(461) - monthly	(462) - weekly	(463) - quarterly	(464) - annually
(465) - monthly	(466) - weekly	(467) - quarterly	(468) - annually
(469) - monthly	(470) - weekly	(471) - quarterly	(472) - annually
(473) - monthly	(474) - weekly	(475) - quarterly	(476) - annually
(477) - monthly	(478) - weekly	(479) - quarterly	(480) - annually
(481) - monthly	(482) - weekly	(483) - quarterly	(484) - annually
(485) - monthly	(486) - weekly	(487) - quarterly	(488) - annually
(489) - monthly	(490) - weekly	(491) - quarterly	(492) - annually
(493) - monthly	(494) - weekly	(495) - quarterly	(496) - annually
(497) - monthly	(498) - weekly	(499) - quarterly	(500) - annually
(501) - monthly	(502) - weekly	(503) - quarterly	(504) - annually
(505) - monthly	(506) - weekly	(507) - quarterly	(508) - annually
(509) - monthly	(510) - weekly	(511) - quarterly	(512) - annually
(513) - monthly	(514) - weekly	(515) - quarterly	(516) - annually
(517) - monthly	(518) - weekly	(519) - quarterly	(520) - annually
(521) - monthly	(522) - weekly	(523) - quarterly	(524) - annually
(525) - monthly	(526) - weekly	(527) - quarterly	(528) - annually
(529) - monthly	(530) - weekly	(531) - quarterly	(532) - annually
(533) - monthly	(534) - weekly	(535) - quarterly	(536) - annually
(537) - monthly	(538) - weekly	(539) - quarterly	(540) - annually
(541) - monthly	(542) - weekly	(543) - quarterly	(544) - annually
(545) - monthly	(546) - weekly	(547) - quarterly	(548) - annually
(549) - monthly	(550) - weekly	(551) - quarterly	(552) - annually
(553) - monthly	(554) - weekly	(555) - quarterly	(556) - annually
(557) - monthly	(558) - weekly	(559) - quarterly	(560) - annually
(561) - monthly	(562) - weekly	(563) - quarterly	(564) - annually
(565) - monthly	(566) - weekly	(567) - quarterly	(568) - annually
(569) - monthly	(570) - weekly	(571) - quarterly	(572) - annually
(573) - monthly	(574) - weekly	(575) - quarterly	(576) - annually
(577) - monthly	(578) - weekly	(579) - quarterly	(580) - annually
(58			

SPORTS

Celtics Beat Lakers for NBA Title

By David Remnick
Washington Post Service

BOSTON — One day this summer, some lonely soul will climb into the Boston Garden rafters and hang a green and white banner on the beams.

"Boston Celtics," it will read. "1984 World Champions." It is the 15th such banner, and the Celtics captured it Tuesday night, 111-102, in the seventh and deciding game of the National Basketball Association championship series against the Los Angeles Lakers.

So ended the eighth chapter of a peculiarly stilted classic. The Lakers have played the Celtics eight times in the finals, and eight times they have lost.

Celtic Maxwell will join the list of Boston heroes after his performance here Tuesday night. He scored 24 points and played with the sort of inspiration the Celtics needed to gain the edge in so brutal and even a series.

Kareem Abdul-Jabbar of the Lakers had all scores with 29 points, but he was not supported by his team's usual mastery off the fast break. For long stretches of time, it seemed Abdul-Jabbar played alone.

The Lakers cut a 99-85 deficit, with 7:57 left, to 105-102 seven minutes later, but two crucial turns by Magic Johnson gave the Celtics the room they needed to preserve a victory they seemed to have in hand.

Free throws by Dennis Johnson (22 points) and Larry Bird (20 points) put it away.

When it was over the Garden crowd mobbed the floor. The Celts practically rode the green wave to their tiny dressing room.

K.C. Jones had won his first championship as a professional coach. It took a bit of Celtic magic to get him the title.

The championship comes one year after the Celtics were swept by the Milwaukee Bucks in an Eastern Conference semifinal.

Maxwell epitomized the tone of this game. Not only did he score 17 points in the first half, he also hit the floor for every loose ball, took verbal jabs at the opposition and went up for every rebound.

Abdul-Jabbar and Bird handled the ball far more than they usually do — a strategy that turned out well for both. Abdul-Jabbar scored 12 points in the first quarter.

If he had not looked to score so often, the Lakers might have found themselves in trouble. The fast break was not there. And neither was Bob McAdoo, who had a severely strained Achilles' tendon.

Instead of McAdoo, the Lakers went to Mitch Kupchak when they needed a reserve power forward. Kupchak scored a couple of times but he was awkward, not nearly the threat that McAdoo, who once led the league in scoring, posed in the earlier games.

Because of Abdul-Jabbar's shooting, the Lakers kept pace with Boston's inside game, and the score was 30-30 after the first quarter.

But while Abdul-Jabbar rated periodically in the second quarter, Bird and Parish — made every game in this series a fascinating affair be-

yond hype. Johnson showed his vulnerabilities in Los Angeles' two overtime losses and his passing virtuosity in setting a record for assists in a championship series. Bird and Abdul-Jabbar have thrived despite double- and triple-teaming.

"This is the ultimate game," said the Lakers' coach, Pat Riley. "The ultimate." Precisely.

■ Reagan Welcomes Team

President Ronald Reagan met the Celtics in the White House Rose Garden on Wednesday to congratulate them on their triumph, United Press International reported from Washington. "From the Boston Garden to the Rose Garden, it's been quite a year for the Celtics," Reagan said.

LOS ANGELES

	W	L	T	Pct.	W/L	Py.
Ronnie	2	1	0	.500	2-1	7
Worthy	1	3	1	.250	1-3	21
Abdul-Jabbar	12	22	5	.348	2-2	29
Johnson	14	14	7	.500	1-2	14
McAdoo	2	18	8	.111	0-2	14
Parish	2	4	1	.333	0-2	5
Kupchak	2	7	0	.200	2-1	4
Horn	0	8	0	.000	0-0	0
Total	43	16	32	.533	20-22	140

BOSTON

	W	L	T	Pct.	W/L	Py.
McAuley	5	10	14	.317	0-2	24
Ainge	6	18	8	.375	2-1	20
Parish	4	16	6	.250	2-2	14
McAdoo	2	12	12	.167	0-2	14
Horn	4	6	2	.400	2-0	3
McNamee	1	1	0	.333	0-1	1
Autry	1	1	0	.333	0-1	1
Giles	0	3	0	.000	0-0	0
Total	34	44	31	.455	19-23	111

Team Standings

	W	L	T	Pct.	W/L	Py.
Los Angeles	26	22	24	.511	11-11	111
Boston	26	22	24	.511	11-11	111
Seattle	26	22	24	.511	11-11	111
Philadelphia	25	23	24	.500	11-12	112
Chicago	23	25	24	.468	12-13	112
New York	20	28	23	.400	13-15	112
Philadelphia	19	29	23	.388	14-16	112
St. Louis	22	26	21	.444	15-17	112
Montreal	20	28	21	.400	16-18	112
Pittsburgh	23	24	24	.479	17-19	112

Three-point scorers: Coker 2, Technicals, Autry, Horn, Autry, Autry.



United Press International
Kareem Abdul-Jabbar of Los Angeles attempts a first-quarter shot over the outstretched arms of Robert Parish.

Astros Defeat Reds On Niekro Shutout

United Press International

HOUSTON — Joe Niekro pitched a three-hitter and Bill Doran, Jose Cruz and Jerry Murphy led a 13-inning Tuesday night to power the Houston Astros to a 7-0 victory over the Cincinnati Reds.

Niekro (5-7) walked one and struck out four in gaining his third

BASEBALL ROUNDUP

straight victory and first complete game.

Doran had three hits and scored two runs, and Cruz and Murphy each drove in two runs.

Houston scored two runs in the first on a walk to Doran, singles by Craig Reynolds and Enos Cabell and a soft grounder to second by Murphy.

Doran drove in Houston's third run in the second inning by singling home Phil Garner, who singled and went to third on Niekro's single.

Alan Ashby hit a sacrifice fly in the third inning to score Terry Puhl, who had tripled, to make it 4-0. Cruz's two-run triple made it 6-0 in the fourth, and Murphy singled home Cruz that inning for the Astros' third run.

Dodgers 6, Giants 7

In Los Angeles, Pedro Guerrero had his biggest game of the season, collecting five hits, including a game-winning hit in the eighth inning, as the Mariners defeated Kansas City, 3-2. Milburn had tied the game in the sixth with his fifth homer of the year.

Mariners 6, Royals 2

In Oakland, California, Doug DeCinces's broken-bat single with the bases loaded and one out to the 10th drove in Rob Wilfong with the winning run to give the Angels a 3-2 victory over Chicago.

Angels 3, White Sox 2

In Anaheim, California, Doug DeCinces's broken-bat single with the bases loaded and one out to the 10th drove in Rob Wilfong with the winning run to give the Angels a 3-2 victory over Chicago.

Indians 11, A's 5

In Oakland, California, Julio Franco and Pat Tolbert hit two-run homers and Mel Hall and Gary Matthews had one each to lead the Cubs to an 11-5 victory over Montreal. Dennis Eckersley (1-2) picked up his first National League victory. Gary Carter homered for Montreal.

Cardinals 7, Phillies 2

In Philadelphia, George Hendrick drove in three runs with a single and a homer, and Ricky Horton and Neil Allen combined on a four-hitter to lift St. Louis to a 7-2 victory over the Phillies. Horton (2-0), making his first major-league start, yielded four hits and two runs in five innings, and Allen retired all 12 men he faced.

Pirates 6, Mets 3

In New York, Milt May's base-loaded, two-run single was the big hit in a four-run first inning as Pittsburgh beat the Mets, 6-3.

Padres 7, Braves 6

In San Diego, Graig Nettles singled home Alan Wiggins on a double and base with the winning run in the 12th inning to give the Padres a 7-6 victory over Atlanta for their sixth win in seven innings.

Orioles 5, Brewers 4

In the American League, in Milwaukee, Mike Young and John Shelby homered in the eighth inning of Rollie Fingers to give Baltimore a 5-4 victory over the Brew-

ers. It was the fifth straight loss for the Brewers, who are 2-10 in June.

Blue Jays 12, Tigers 3

In Toronto, George Bell had three hits and two runs batted in, Ernie Whitt hit a three-run homer and Damaso Garcia had four hits as the Blue Jays beat Detroit, 12-3, to end a five-game losing streak.

Red Sox 9, Yankees 8

In Boston, Dwight Evans hit a three-run home in the eighth inning off Dave Righetti as the Red Sox defeated New York, 9-8, for their sixth straight victory. Tony Armas added his 15th homer for Boston.

Rangers 6, Twins 2

In Arlington, Texas, Danny Darwin and Odell Jones combined on a seven-hitter and Larry Parrish hit a two-run homer to lead the Rangers to a 6-2 victory over Minnesota. Darwin (5-3) led after seven innin-

gs with a stiff right elbow.

Angels 3, White Sox 2

In Anaheim, California, Doug DeCinces's broken-bat single with the bases loaded and one out to the 10th drove in Rob Wilfong with the winning run to give the Angels a 3-2 victory over Chicago.

Mariners 3, Royals 2

In Oakland, California, Julio Franco and Pat Tolbert hit two-run

homers and Mel Hall and Gary Matthews had one each to lead Cleveland to an 11-5 victory over Oakland in a fight-mapped game.

Three Oakland players and the A's manager, Jackie Moore, were ejected as the result of brawls that broke out after beanball incidents in the sixth and seventh innings.

Indians 11, A's 5

In Oakland, California, Julio Franco and Pat Tolbert hit two-run

homers and Mel Hall and Gary Matthews had one each to lead Cleve-

land to an 11-5 victory over Oak-

land in a fight-mapped game.

Major League Standings

NATIONAL LEAGUE

	East	W	L	Pct.	DB
Chicago	35	35	56	.394	—
New York	30	25	54	.455	19
Philadelphia	32	27	53	.370	3
St. Louis	22	28	51	.419	1
Montreal	20	31	43	.348	5
Pittsburgh	23	24	47	.312	10

West

	W	L	Pct.	DB
San Diego	24	21	.510	—
Atlanta	34	24	.524	317
Cincinnati	24	34	.429	317
Houston	26	34	.433	103
San Francisco	24	35	.400	312

AMERICAN LEAGUE

	W	L	Pct.	DB
Detroit				

ART BUCHWALD**Campaign War Is Hell**

WASHINGTON — A group of cub reporters was sitting in a bar in Washington when several old-timers from the 1984 Democratic Primary Veterans Association came in.

We watched in awe as they ordered their drinks.

Mike Gretschel said to one of them, "I guess you guys saw a lot of action."

The grizzled vet said proudly, "We saw it all. From the caucus halls of low to the exit polls of Newport Beach. We were there in the snows of New Hampshire, and we fought in the peanut furrows of Georgia. But we're not heroes. We were just doing our job. Someone had to cover the Democratic presidential primaries, and better us than our wives and children."

"What do you mean wives and children?" a woman vet wearing a network baseball cap said. "I was there too."

"Sorry, Sarah," the vet apologized.

"What was it really like, sir, covering Mondale, Hart and Jackson?" a young reporter asked.

A vet loaded down with campaign pins stared in his beer and said, "I'd rather not talk about it."

The vet standing next to him whispered to me, "He lost his best friend at a Hart fund-raising barbecue in Waco, Texas."

"What happened?"

The friend was listening to Gary Hart explain how he differed from Mondale on the nuclear freeze for the 16th time, and he freaked out. They took him away in a straitjacket."

One of the vets held up his glass and said, "Here's to Johnny Appleseed."

The other vets all solemnly lifted their glasses, drank, and then smashed them against the fireplace.

"Who was Johnny Appleseed?" one of us asked.

"He was the greatest," a TV veteran said. "He threw himself on a Mindal mimeograph machine which was turning out a press re-

lease on Hart's credibility gap and saved all our lives. He was awarded the Media Medal of Honor posthumously."

Another vet was wearing combat ribbons from Syria, Canada and Mexico.

I asked the man next to me, "Where did he earn those?"

"He covered Jesse Jackson's campaign and was one of the few reporters who saw action in the Democratic primaries outside the United States."

I turned to the Jackson vet, "I guess you were in the thick of it."

The Jackson vet said, "I saw enough to last me a lifetime. You never knew when you wrote a story about Jackson whether Louis Farrakhan threaten your life. We had to wear bulletproof vests everyday we attended a rally. I guess those who covered Jackson saw more action than anybody else. When it came to campaigning he was another George Patton."

I bought a Mondale vet a drink. "It's hard for someone on the home front to imagine what you people went through."

"You don't think about it until it's over," he said. "Mondale was always sniping at Hart. Hart was always dropping bombs on Mondale. Jackson's people engaged in hand-to-hand combat for delegates and all three were trying to burn the Democratic Party in the ground. Everyone took the low ground. Whoever said 'Democratic primaries are hell' knew what he was talking about."

"I can't wait to cover one," I said.

"That's because you've never seen a primary close up. All you save is what they showed you on television and what you read in the paper. They never showed you the boredom between the speeches and the debates. You never saw us huddled in Holiday Inns and airport waiting rooms waiting for something — anything — to happen. You never heard the same speeches a thousand times. No one who has been there would ever want to do it again."

"But at least you have something to tell your grandchildren."

"I doubt it. What the hell will care in 20 years what the Mondale, Hart, Jackson war was all about? Nobody even cares now."

El Paso's Spring of Dusty Discontent

At Times, It Ain't Been a Fit Day Out for Man Nor Beast

By Robert Reinhold
New York Times Service

EL PASO, Texas — Three times this spring Howard Applegate has planted his tomatoes, and three times they have been sandblasted away. And the unripe green fruit on his plum tree has been prematurely harvested by the wind. "Now I have a green-plum carpet outside the house," said Applegate, an expert in pollution along the Mexican-American border who works at the University of Texas campus here.

There have been presidential caucuses and local primaries in Texas recently, but the main concern here in western Texas is not politics but dust storms. Spring is normally the season when desert winds whip out of the west, picking up sand and dust and hurling them like a giant sandblast through this border city.

This is not the worst spring in history, meteorologists say, but it seems that way to many El Pasos, partly because the winds are lasting longer than usual and partly because the weather is so dry.

Last April there was a day that was absolutely the worst of the year in El Paso. Gusts were officially clocked by the National Weather Service at 55 miles an hour at the airport but unofficially measured at up to 73 miles in parts of town and well over 90 miles an hour at Guadalupe Pass in the nearby mountains.

The gales created what amounted to a warm-weather blizzard. Sand whipped through the streets, knocking down power lines and people, detaching roofs and breaking windows and awnings. Despite the fierce winds, Violet Wenshik, 67, went to the hairdresser, only to be knocked down by the shop door, which bounced back at her.

The sand hit into the skin and eyes like tiny knives, and teeth filled with grit. It got into everything, through every crack and crevice, coating living rooms and kitchens with a fine silt and fouling swimming pools. Visibility was reduced to one-quarter of a mile or less; even the Franklin Mountains that slice through



Paul Hester, The New York Times

Keeping hats in place in El Paso is usually difficult in spring, but especially so with this year's desert winds.

town turned invisible. The pollution index climbed to nearly 200, the maximum.

For some El Pasosans, as well as the residents of Juarez, Mexico, across the border, the winds are more than an inconvenience. Poverty is endemic here, and many families rely heavily on the home gardens and natural desert plants like tumbleweed that have been damaged by the winds and lack of rain.

Creation of tumbleweed soup is a favorite of thrifty cooks here. The tumbleweed shoots can also be pan-fried in butter. "Tumbleweed is delicious — even I eat that," said Applegate.

Though many El Pasosans say this is the worst year ever, that's not so, says Don Hope of the National Weather Service office here. The 1977 wind season holds the record.

Two storms that year did nearly \$1 million in damage to El Paso alone, according to George W. Bomar, author of "Texas Weather." But the dust content this year may be greater, some say, because of western Texas's prolonged drought. As if El Pasenos needed a reminder, the El Paso

Herald-Post runs a daily "sunshine" log. A recent and typical entry read:

"The sun shone today for the 379th consecutive day. The sun has failed to shine only 50 out of the past 6,669 days."

So far this year there has been only three-quarters of an inch (2 centimeters) of rain. As a result, the normal ground cover of desert marigolds, creosote, mesquite, screw bean and other hardy species is very sparse, according to H.A. (Hack) Coffey, district conservationist for the U.S. Soil Conservation Service, and John M. White, horticulturist with the Texas Agricultural Extension Service. A consequence has been massive wind erosion and "dusters" or "black blizzards," as the storms are sometimes called.

"You just have to wipe it off when it's over — it's one of the prices of living here," said Walter Williams, the proprietor of the Williams Barber shop, whose father moved here during the Depression from San Angelo, Texas, just 400 miles down a dusty road. But what's the reward? "Oh, once you get through spring, it's real nice here — dry heat."



Paul Hester, The New York Times

Keeping hats in place in El Paso is usually difficult in spring, but especially so with this year's desert winds.

Herald-Post runs a daily "sunshine" log. A recent and typical entry read:

"The sun shone today for the 379th consecutive day. The sun has failed to shine only 50 out of the past 6,669 days."

So far this year there has been

PEOPLE**Wiesenthal Honored**

Friends, politicians and business leaders gathered in New York to honor Simon Wiesenthal at a belated 75th birthday party for his decades-long search to bring Nazi war criminals to trial. Wiesenthal, who survived four years in three Nazi death camps, has brought more than 1,100 war criminals to justice. About 100 former Nazis were denazified and deported from the United States largely through his information.

The city terminated prematurely the contract of the orchestra manager, Peter Girth, Mayer Sherman Diogenes of West Berlin said. The 41-year-old Girth failed to gain the orchestra's confidence and did not succeed in finalizing the strike between Karajan and the musicians.

The West Berlin city government, which terminated Girth's contract, subsidizes the orchestra with taxpayers' money and has a say in its programming.

Friends conceded that Karajan may still reject the attempts at reconciliation or that the orchestra may refuse to work with the conductor.

Stater Dorothy Hamill lost jewelry worth \$150,000 in a burglary at her West Los Angeles home, but her Olympic gold medal was left untouched. Hamill won the women's figure skating at the 1976 Olympics in Innsbruck, Austria.

A British explorer, Mike Cole, 48, believes he has found the ultimate test of hovercraft technology — the upper Changyang (Yangtze) River in Tibet, filled with hairpin bends and rapids. The expedition will also carry medical help and food to people living in areas where the only access is by rivers navigable by orthodox boats.

Meanwhile, Bill Dunlop, who set a world record in 1982 for sailing the smallest boat alone, west-to-east, across the Atlantic and who embarked from the Maine coast last July to circumnavigate the globe again in the same boat, will take a six-month break when he reaches Australia in August. He must raise funds to complete the voyage, his wife said.

A Dallas attorney, James Carroll, won his battle to secure a "separate but equal" happy hour for men at a nightclub that only had a happy hour for women. "I went to law school with a lot of feminists and I gained the impression that they had certain complaints which were quite legitimate," he said. "I thought that if we are truly going to be equals, then we ought to be equals in the bars, too."

Billy Currie, 34, keyboard player for the British rock group Ultravox, must pay \$30 damages to a Southampton hotel for ripping out a telephone during an argument over skinny-dipping in the hotel's pool following an all-night post-concert party. . . . The crowds were sparse, so trumpeter Al Hirt walked out on a World's Fair restaurant in New Orleans, where he had been contracted to play two shows a night, seven days a week. Because "they don't have a cravish anywhere else," he said he plans to stay in the city.

In an attempt to resemble the Berlin Philharmonic orchestra with its conductor, Herbert von Karajan,

Place Your Classified Ad Quickly and Easily**INTERNATIONAL HERALD TRIBUNE**

By Phone: Call 404-527-0117 representative with your text. You will be informed of the cost immediately, and once prepayment is made your ad will appear within 48 hours.

Cost: The basic rates is \$7.10 per line per day + local taxes. There are 25% being paid in space in the first line and 36 in the following lines.

Minimum space is 2 lines. No abbreviations accepted.

Credit Cards: American Express, Diner's Club, Eurocard, MasterCard, Access and Visa.

MIDDLE EAST

Behrooz: 620297. Isfahan: 25214. Kerman: 514405. Qazvin: 416555. Saudi Arabia: Jeddah: 61500. Dhahran: 634454. U.A.E.: Dubai: 224161.

EUROPE

Amsterdam: 26-3615. Athens: 341-8397/3400/2421. Brussels: 343-5777. Copenhagen: 20-224400. Frankfurt: 61-27-66-25-44. London: 01-834-4802. Madrid: 45-2891/455-3306. Milan: 02-733145. Paris: 33-22-22-22-22. Rome: 06-524-25-25. Tel Aviv: 03-524-1925. Tel Aviv: 03-525-5599. Vienna: Contact Frankfurt.

SWITZERLAND

Luzern: 22-00-00-00. Zurich: 22-00-00-00.

FAR EAST

Bangkok: 309-95-67. Hong Kong: 5-23700. Kuala Lumpur: 517-07-49. Manila: 425-2891/455-3306. Tokyo: 03-5231445. Vancouver: 222-22-22. Tel Aviv: 03-524-1925. Tel Aviv: 03-525-5599. Tel Aviv: 03-525-5599. Vienna: Contact Frankfurt.

AUSTRALIA

Melbourne: 670-5223. Sydney: 7222-9777.

EMPLOYMENT**EXECUTIVES AVAILABLE**

EX-EXECUTIVE, F.D.R., super executive for oil company, 20 yrs exp. in oil industry, 10 yrs exp. in oil marketing, 10 yrs exp. in oil exploration, 10 yrs exp. in oil production, 10 yrs exp. in oil refining, 10 yrs exp. in oil distribution, 10 yrs exp. in oil transportation, 10 yrs exp. in oil storage, 10 yrs exp. in oil sales, 10 yrs exp. in oil finance, 10 yrs exp. in oil accounting, 10 yrs exp. in oil auditing, 10 yrs exp. in oil taxation, 10 yrs exp. in oil insurance, 10 yrs exp. in oil legal, 10 yrs exp. in oil public relations, 10 yrs exp. in oil advertising, 10 yrs exp. in oil engineering, 10 yrs exp. in oil construction, 10 yrs exp. in oil research, 10 yrs exp. in oil exploration, 10 yrs exp. in oil production, 10 yrs exp. in oil refining, 10 yrs exp. in oil distribution, 10 yrs exp. in oil transportation, 10 yrs exp. in oil storage, 10 yrs exp. in oil sales, 10 yrs exp. in oil finance, 10 yrs exp. in oil accounting, 10 yrs exp. in oil auditing, 10 yrs exp. in oil taxation, 10 yrs exp. in oil insurance, 10 yrs exp. in oil legal, 10 yrs exp. in oil public relations, 10 yrs exp. in oil advertising, 10 yrs exp. in oil engineering, 10 yrs exp. in oil construction, 10 yrs exp. in oil research, 10 yrs exp. in oil exploration, 10 yrs exp. in oil production, 10 yrs exp. in oil refining, 10 yrs exp. in oil distribution, 10 yrs exp. in oil transportation, 10 yrs exp. in oil storage, 10 yrs exp. in oil sales, 10 yrs exp. in oil finance, 10 yrs exp. in oil accounting, 10 yrs exp. in oil auditing, 10 yrs exp. in oil taxation, 10 yrs exp. in oil insurance, 10 yrs exp. in oil legal, 10 yrs exp. in oil public relations, 10 yrs exp. in oil advertising, 10 yrs exp. in oil engineering, 10 yrs exp. in oil construction, 10 yrs exp. in oil research, 10 yrs exp. in oil exploration, 10 yrs exp. in oil production, 10 yrs exp. in oil refining, 10 yrs exp. in oil distribution, 10 yrs exp. in oil transportation, 10 yrs exp. in oil storage, 10 yrs exp. in oil sales, 10 yrs exp. in oil finance, 10 yrs exp. in oil accounting, 10 yrs exp. in oil auditing, 10 yrs exp. in oil taxation, 10 yrs exp. in oil insurance, 10 yrs exp. in oil legal, 10 yrs exp. in oil public relations, 10 yrs exp. in oil advertising, 10 yrs exp. in oil engineering, 10 yrs exp. in oil construction, 10 yrs exp. in oil research, 10 yrs exp. in oil exploration, 10 yrs exp. in oil production, 10 yrs exp. in oil refining, 10 yrs exp. in oil distribution, 10 yrs exp. in oil transportation, 10 yrs exp. in oil storage, 10 yrs exp. in oil sales, 10 yrs exp. in oil finance, 10 yrs exp. in oil accounting, 10 yrs exp. in oil auditing, 10 yrs exp. in oil taxation, 10 yrs exp. in oil insurance, 10 yrs exp. in oil legal, 10 yrs exp. in oil public relations, 10 yrs exp. in oil advertising, 10 yrs exp. in oil engineering, 10 yrs exp. in oil construction, 10 yrs exp. in oil research, 10 yrs exp. in oil exploration, 10 yrs exp. in oil production, 10 yrs exp. in oil refining, 10 yrs exp. in oil distribution, 10 yrs exp. in oil transportation, 10 yrs exp. in oil storage, 10 yrs exp. in oil sales, 10 yrs exp. in oil finance, 10 yrs exp. in oil accounting, 10 yrs exp. in oil auditing, 10 yrs exp. in oil taxation, 10 yrs exp. in oil insurance, 10 yrs exp. in oil legal, 10 yrs exp. in oil public relations, 10 yrs exp. in oil advertising, 10 yrs exp. in oil engineering, 10 yrs exp. in oil construction, 10 yrs exp. in oil research, 10 yrs exp. in oil exploration, 10 yrs exp. in oil production, 10 yrs exp. in oil refining, 10 yrs exp. in oil distribution, 10 yrs exp. in oil transportation, 10 yrs exp. in oil storage, 10 yrs exp. in oil sales, 10 yrs exp. in oil finance, 10 yrs exp. in oil accounting, 10 yrs exp. in oil auditing, 10 yrs exp. in oil taxation, 10 yrs exp. in oil insurance, 10 yrs exp. in oil legal, 10 yrs exp. in oil public relations, 10 yrs exp. in oil advertising, 10 yrs exp. in oil engineering, 10 yrs exp. in oil construction, 10 yrs exp. in oil research, 10 yrs exp. in oil exploration, 10 yrs exp. in oil production, 10 yrs exp. in oil refining, 10 yrs exp. in oil distribution, 10 yrs exp. in oil transportation, 10 yrs exp. in oil storage, 10 yrs exp. in oil sales, 10 yrs exp. in oil finance, 10 yrs exp. in oil accounting, 10 yrs exp. in oil auditing, 10 yrs exp. in oil taxation, 10 yrs exp. in oil insurance, 10 yrs exp. in oil legal, 10 yrs exp. in oil public relations, 10 yrs exp. in oil advertising, 10 yrs exp. in oil engineering, 10 yrs exp. in oil construction, 10 yrs exp. in oil research, 10 yrs exp. in oil exploration, 10 yrs exp. in oil production, 10 yrs exp. in oil refining, 10 yrs exp. in oil distribution, 10 yrs exp. in oil transportation, 10 yrs exp. in oil storage, 10 yrs exp. in oil sales, 10 yrs exp. in oil finance, 10 yrs exp. in oil accounting, 10 yrs exp. in oil auditing, 10 yrs exp. in oil taxation, 10 yrs